Populism and the Future of Transatlantic Relations: Challenges and Policy Options

Edited by Marianne Riddervold, Guri Rosén and Jessica R. Greenberg

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POPULISM AND THE FUTURE OF TRANSATLANTIC RELATIONS: CHALLENGES AND POLICY OPTIONS

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Project Coordinator
Azize Sargin

Editors
Marianne Riddervold
Guri Rosén
Jessica R. Greenberg

Style Editor
Simon P. Watmough

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CONTENT

Authors and Editors

Chapter 1, Riccardo Alcaro

Overview and Background: Right-wing Nationalism, Trump and the Future of US–European Relations

Riccardo Alcaro is Research Coordinator and Head of the Global Actors Programme at the Istituto Affari Internazionali (IAI). His main area of expertise is transatlantic relations, with a particular focus on US and European policies towards Europe's surrounding regions. He has been a visiting fellow at the Brookings Institution in Washington and a fellow of the EU-wide programme European Foreign and Security Policy Studies (EFSPS). He has coordinated the EU-funded TRANSWORLD project on transatlantic relations and global governance (7th Framework Programme) and the JOINT project on EU foreign and security policy (Horizon 2020). Riccardo is the author of *Europe and Iran's Nuclear Crisis* (Palgrave Macmillan, 2018) and co-author of *Conflict Management and the Future of EU Foreign and Security Policy: Relational Power Europe* (Routledge, 2025). He also edited *The Liberal Order and its Contestations* (Routledge, 2018). He holds a summa cum laude PhD from the University of Tübingen.

Chapter 2, Monica Sus

Functional Adaptation Without Much Love: NATO and the Strains of EU–US Relations

Monika Sus is an Associate Professor of Political Science at the Polish Academy of Sciences. She is also a part-time professor at the Robert Schuman Centre for Advanced Studies at the European University Institute, where she co-leads the EU Security Initiative, and an adjunct faculty member at the Hertie School in Berlin. Her research focuses on international relations, particularly the institutional dynamics of overlapping security regimes in Europe. She has published in leading journals including *International Affairs, West European Politics, JCMS: Journal of Common Market Studies, Contemporary Security Policy, the Journal of European Integration, and The British Journal of Politics & International Relations.*

Chapter 3, Reuben Wong

EU–US–China Security Relations

Reuben Wong is Deputy Head of the Political Science Department at the National

University of Singapore. Reuben held the first Jean Monnet Chair in Singapore (2013–2016) and was NUS' Associate Vice-President, Global Relations (2021–2023). His publications have focused on EU foreign policy. They include *The Europeanization of French Foreign Policy: France and the EU in East Asia* (Palgrave Macmillan, 2006), *National and European Foreign Policies* (co-edited with Christopher Hill, Routledge, 2011), and journal articles in the *Cambridge Review of International Affairs, Politique Européenne, the Asia Europe Journal, The Hague Journal of Diplomacy, and the EU External Affairs Review.* He has held visiting positions at Cambridge University, the LSE European Institute, the Stimson Center (Washington, D.C.), the East Asian Institute (Singapore), and Humboldt University. He consults and teaches summer school in Paris and Beijing. Reuben raises four children to help arrest Singapore's declining total fertility rate.

Chapter 4, Jost-Henrik Morgenstern-Pomorski and Karolina Pomorska

The Russia–Ukraine War and Transatlantic Relations

Jost-Henrik Morgenstern-Pomorski is Assistant Professor at the Taube Centre of Jagiellonian University in Kraków. Previously, he was Lecturer in European Politics and Deputy Director of the Institute of German and European Studies at the University of Birmingham. Jost works on the institutions of European foreign policy as well as the transatlantic relationship.

Karolina Pomorska is an Associate Professor at the Institute of Political Science, Leiden University, where she holds a Jean Monnet Chair 'Europe and the World'. She has previously worked at Maastricht University and the University of Cambridge. Karolina works on European foreign and security policy and on the EU's policy towards the Eastern neighbours.

Chapter 5, Erik Jones

Transatlantic Trade from Embedded Liberalism to Competitive Strategic Autonomy Overview and Background

Erik Jones is Director of the Robert Schuman Centre for Advanced Studies at the European University Institute and Non-resident Scholar at Carnegie Europe. He is author of of *The Politics of Economic and Monetary Union (2002), Economic Adjustment and Political Transformation in Small States (2008), Weary Policeman: American Power in an Age of Austerity* (2012, with Dana H. Allin), and *The Year the European Crisis Ended* (2014). His latest book is a Cambridge 'element' called *From Club to Commons: Enlargement, Reform and Sustainability in European Integration* (2025, with Veronica Anghel). Professor Jones is editor or co-editor of more than

thirty books and special issues of journals on topics related to European politics, political economy, and the transatlantic relationship, and he has been co-editor of the journal *Government & Opposition* since 2015.

Chapter 6, Arlo Poletti

EU–US–China Trade Relations

Arlo Poletti is a Professor of International Relations at the Department of Sociology and Social Research of the University of Trento. He obtained a PhD from the University of Bologna, was a post-doctoral researcher at the University of Antwerp (2009-2013), and held positions as an Assistant professor at the LUISS Guido Carli (2013-2016) and the University of Bologna (2016). His research interests are in the area of International Political Economy, with particular emphasis on the politics of trade and investments, transnational advocacy at the global and EU-levels, and international regulatory cooperation. Recently, he expanded his research agenda to include analyses of how globalization-induced economic distress affects individual-level preferences and political behavior. He is the author of five monographs and his research has been published in journals such as *International Organization, Regulation & Governance, JCMS: Journal of Common Market Studies, the Journal of European Public Policy, Review of International Studies, the European Political Science Review and Review of International Organizations.*

Chapter 7, Alasdair Young

From Trade Skirmishes to Trade War? Transatlantic Trade Relations During the Second Trump Administration

Alasdair Young is Professor and Neal Family Chair in the Sam Nunn School of International Affairs at the Georgia Institute of Technology. He is Director of the School's Center for Research on International Strategy and Policy and is Interim Associate Dean for Faculty Development for Georgia Tech's Ivan Allen College of Liberal Arts. He was Co-editor of *JCMS: Journal of Common Market Studies* (2017–2022) and was Chair of the European Union Studies Association (USA) (2015–2017). Before joining Georgia Tech in 2011 he taught at the University of Glasgow for 10 years. Prior to that he held research posts at the European University Institute and the University of Sussex. He has written extensively on EU trade policy and transatlantic economic relations and performed consultancy work for the United States and United Kingdom governments and for the European Commission.

Chapter 8, Kent Jones

Transatlantic Trade, the Trump Disruption and the World Trade Organization

Kent Jones, *Dr. ès sci. pol.* (international economics), Graduate Institute of International Studies/University of Geneva, is Professor Emeritus of Economics at Babson College, where he taught from 1982 until his retirement in 2023. He continues his academic interests in trade policy and trade institutions, having published several books and articles on these topics, including *Populism and Trade* (2021). His teaching also included visiting appointments at Brandeis University, the Fletcher School at Tufts University, and the University of Innsbruck, Austria. In addition, he served as a visiting senior economist at the U.S. Department of State.

Chapter 9, Mike Smith

Overview and Background: International Institutions, Populism and Transatlantic Relations

Michael Smith is Honorary Professor in European Politics at the University of Warwick, UK, and Emeritus Professor of European Politics at Loughborough University, UK. He has published widely on transatlantic relations, American foreign policy and European Union external action; his most recent books are *The European Union's Strategic Partnerships: Global Diplomacy in a Contested World* (edited with Laura Christina Ferreira-Pereira, Palgrave-Macmillan 2021), *International Relations and the European Union* (edited with Christopher Hill and Sophie Vanhoonacker, (4th edition, Oxford University Press 2023) and *The European Union and the United States: Competition, Convergence and Crisis in the Global Arena* (co-authored with Terrence R. Guay and Jost Morgenstern-Pomorski, 2nd edition, Bloomsbury 2025).

Chapter 10, Edith Drieskens

The United Nations

Edith Drieskens is an Associate Professor of International Relations at the Leuven International and European Studies (LINES) institute, where she teaches courses on international organizations, international relations theories and academic writing. Her work explores the regional dimension of global governance from a conceptual, theoretical and empirical point of view, focusing on the EU's

functioning in multilateral settings (mainly, but not exclusively) post-Lisbon (UN Security Council, UN General Assembly, UNESCO, WADA). She is co-editor of *The Sage Handbook of European Foreign Policy* (Sage, 2015). She holds a PhD in Social Sciences from Leuven University (December 2008), as well as master degrees in Political Sciences (Leuven University, 2000), European Studies (Leuven University, 2001) and American Studies (Universities of Antwerp, Ghent and Brussels, 2002). Before returning to Leuven on a full-time basis in September 2011, she was a Senior Research Fellow at the Clingendael Institute in The Hague (2009–2011). Her ongoing research examines the EU as a heritage actor in international relations. Her research has appeared in a variety of international journals, including the *Journal of European Public Policy, the Journal of European Integration, European Security, JCMS: Journal of Common Market Studies* and *Public Administration.*

Chapter 11, Daniel Fiorino

The Trump Administration and Climate Policy: The Effects of Right-Wing Populism

Daniel J. Fiorino is a Distinguished Executive in Residence and Director of the Center for Environmental Policy in the School of Public Affairs at American University. He teaches courses on environmental and energy policy and public policy approaches to sustainability. He is the author or co-author of eight books, many of which have been recognized with national or international awards. His most recent books are the *Clean Energy Transition: Policies and Politics for a Zero-Carbon World* (Polity Press, 2022) and *A Good Life on a Finite Earth: The Political Economy of Green Growth* (Oxford University Press, 2018). He also was the lead editor of the *Elgar Encyclopedia of Climate Policy*, published in 2024. Before joining American University in 2009, he served in a variety of management and analytical positions at the United States Environmental Protection Agency. His PhD is in Political Science from Johns Hopkins University.

Chapter 12, Frode Veggeland

Turbulence in the World Health Organization: Implications for EU–US Cooperation in a Changing International Order

Frode Veggeland is currently Professor at the University of Inland, Norway, Department of Organisation, Leadership and Management, and he has a part-time position as senior researcher at Norwegian Institute of Bioeconomy Research (NIBIO). Frode Veggeland has a PhD in political science from the University of Oslo and has published extensively on the EU, international organizations,

regulatory governance, public administration and food and health policies, including crisis preparedness and crisis management. In 2006, he was Head of the Secretariat of the Governmental Commission that investigated the E. coli O103 outbreak in Norway. In 2021–2022, he was part of the Secretariat of the Norwegian Corona Commission, which investigated the government's management of the COVID-19 pandemic. In 2022–2024 he was part of the Secretariat of the government-appointed committee that reviewed Norway's experience of cooperation under the EEA Agreement and other agreements Norway has had with the EU over the past ten years, including cooperation on civil protection and health preparedness.

Chapter 13, Douglas Holmes

Overview and Background: Democracy and Populism: The European Case

Douglas Holmes is a Distinguished Professor of Anthropology at Binghamton University. His work addresses how and why the most discredited ideas and sensibilities of the modern era—ideas that yielded the indelible horrors of the twentieth century—have become persuasive, compelling even, in the new century. More recently, he has turned his attention to the operations of central banks and the design of a distinctive monetary policy regime. In Stockholm, London, Wellington, and two venues in Frankfurt, he has spoken to bank personnel and to policy makers examining how they model the economy and the financial system with language, establishing a radically communicative and relational dynamic at the center of monetary affairs. Holmes is the author of an ethnographic trilogy: *Cultural Disenchantments: Worker Peasantries in Northeast Italy* (Princeton 1989), *Integral Europe: Fast-Capitalism, Multiculturalism, Neofascism* (Princeton 2000) and *Economy of Words: Communicative Imperatives in Central Banks* (Chicago 2014). He has also authored with George E. Marcus a series of texts exploring experiments in ethnographic collaboration particularly as they are achieved within cultures of expertise.

Chapter 14, Saul Newman

Illiberalism and Democracy: the Populist Challenge to Transatlantic Relations

Saul Newman is Full Professor of Politics at Goldsmiths University of London. His research is in the area of contemporary political and democratic theory, including topics such radical politics and anarchism, human rights, political theology, populism

and post-truth politics. He is the author and editor of over a dozen books, including *Order, Crisis and Redemption: Political Theology after Schmitt* (with Peter Langford) (SUNY Press 2022), *The Anarchist Before the Law: Law without Authority* (with Massimo La Torre) (Edinburgh University Press 2024) and *Post-Truth Populism: a New Political Paradigm* (with Maximilian Conrad eds.) (Palgrave Springer 2024).

Chapter 15, Ruben Andersson

The Illiberal Bargain on Migration

Ruben Andersson is Professor of Social Anthropology at the Department of International Development, University of Oxford. His research has focused on migration, borders and security, with specific reference to the Sahel and southern Europe. He is the author of *Illegality, Inc.: Clandestine Migration and the Business of Bordering Europe* (California 2014), *No Go World: How Fear is Redrawing Our Maps and Infecting Our Politics* (California 2019) and, together with David Keen, *Wreckonomics: Why it's Time to End the War on Everything* (Oxford 2023). He is currently Principal Investigator on a Leverhulme Major Research Fellowship, which will result in the book *Age of Security*, forthcoming in 2026 with HarperCollins.

Chapter 16, Robert Benson

Illiberal International: The Transatlantic Right's Challenge to Democracy

Robert Benson, DPhil., is the associate director for National Security and International Policy at American Progress. Prior to joining American Progress, Benson worked as a global relations consultant at the Organization for Economic Cooperation and Development in Paris and as a research fellow at the Social Science Center Berlin. He holds a Master of Science in global politics from the London School of Economics and a doctorate from the Free University of Berlin.

Chapter 17, Albena Azmanova

Vulnerable Groups, Protections and precarity

Albena Azmanova is Professor of Political and Social Science at City St George's, University of London. She has held academic positions at the New School for Social Research, Sciences Po Paris, Harvard University, UC Berkeley, and the University of Kent's Brussels School of International Studies. Her research spans critical social theory, political economy, democratic transitions, populism, and the

rule of law, with a focus on how precarity has become the defining social harm of contemporary capitalism. Her book *Capitalism on Edge* (2020) is the recipient of numerous awards, among them the American Political Science Association's Michael Harrington Award for scholarship advancing social justice. Beyond academia, she has served as a policy advisor to institutions including the United Nations, the Council of Europe, and the European Parliament.

Report Editors

Marianne Riddervold is a Research Professor at Arena, Centre for European studies at the University of Oslo and at the Norwegian Institute of international affairs (NUPI). She is also a senior fellow at the UC Berkeley Institute of European studies.

Guri Rosén is Associate Professor of Political Science at the Department of Political Science at the University of Oslo, Norway. She is also a senior researcher at Arena, Centre for European Studies at the University of Oslo, Norway.

Jessica Greenberg is a Professor of Anthropology at the University of Illinois Urbana-Champaign. She is a political and legal anthropologist, with expertise in the anthropology of Europe, postsocialism, human rights, social movements, revolution, democracy and law. Her most recent book is Justice in the Balance: Democracy, Rule of Law and the European Court of Human Rights (Stanford University Press, 2025).

Managing Editor

Azize Sargin is an expert in international relations and a consultant. She holds a PhD in International Relations from the University of Kent. Her research interests include foreign policy and populism, EU politics, transnationalism and globalisation.

She has a 15-year professional career as a diplomat at the Ministry of Foreign Affairs of Turkey, where she served in various positions and was posted to several countries, including Romania, the United States, and Belgium. During her final posting, she worked as Political Counsellor at Turkey's Permanent Delegation to the European Union, focusing on Turkey–EU relations and EU politics. She coordinates large-scale academic research projects and organises international academic events.

Manuscript Editor

Simon P. Watmough is a post-doctoral researcher based in Leipzig, Germany, and Editorial Lead and Non-resident Research Fellow in the research program on authoritarianism at the European Center for Populism Studies. He was awarded his PhD from the European University Institute in April 2017 with a dissertation titled 'Democracy in the Shadow of the Deep State: Guardian Hybrid Regimes in Turkey and Thailand'. Dr. Watmough's research interests sit at the intersection of global and comparative politics and include varieties of post-authoritarian states, the political sociology of the state, the role of the military in regime change, and the foreign policy of post-authoritarian states in the Middle East and Southeast Asia.

His work has been published in *Politics, Religion & Ideology, Urban Studies and Turkish Review.* Dr Watmough has taught international relations, diplomacy, foreign policy, and security studies, as well as Middle Eastern history at universities in Australia and Europe. In 2010–11 he was a research fellow at the Centre for Analysis of Social Exclusion (CASE) at the London School of Economics. He has held Visiting Scholar positions at Boğaziçi University in Istanbul, the University of Queensland, Chulalongkorn University in Bangkok, Thailand and the University of Graz. In addition to his academic publications, he is also a regular contributor to *The Conversation* and other media outlets.

Acronyms and Abbreviations

Abbreviation	Full term
AB	Appellate Body
ADF	Alliance Defending Freedom
AfD	Alternative für Deutschland
AI	Artificial Intelligence
ALMP	Active labour market programmes
AMR	Antimicrobial resistance
BEA	Bureau of Economic Analysis
BLS	Bureau of Labor Statistics
BRI	Belt and Road Initiative
BRICS	Brazil, Russia, India, China and South Africa
BSE	Bovine spongiform encephalopathy
CAI	Comprehensive Agreement on Investment
CATL	Contemporary Amperex Technology Co., Limited
CBAM	Carbon Border Adjustment Mechanism
CCP	Common Commercial Policy
CCPI	Climate Change Performance Index
CETA	Comprehensive Economic and Trade Agreement
CFR	Council on Foreign Relations
COP	Conference of the Parties
CPAC	Conservative Political Action Committee
CPTPP	Comprehensive and Progressive Agreement for Trans-Pacific Partnership
CRS	Congressional Research Service
CSO	Civil society organization
CSW	Commission on the Status of Women
CSDP	Common Security and Defence Policy
DGAP	German Council on Foreign Affairs
ECPR	European Consortium for Political Research
EC	European Commission
ECR	European Conservatives and Reformists
EDF	European Defence Fund
EDAP	European Democracy Action Plan
EEC	European Economic Community
EITC	Earned Income Tax Credit
EP	European Parliament
ETS	Emissions Trading System

ETUC	European Trade Union Confederation
EU	European Union
EV	Electric vehicles
FDI	Foreign direct investment
GATS	General Agreement on Trade in Services
GATT	General Agreement on Tariffs and Trade
GDP	Gross Domestic Product
GMP	Good Manufacturing Practice
GVC	Global value chains
IA	International Affairs
IAI	Istituto Affari Internazionali
ICAO	International Civil Aviation Organization
ICC	International Criminal Court
ICE	U.S. Immigration and Customs Enforcement
IEEPA	International Emergency Economic Powers Act
IHR	International Health Regulations
IMF	International Monetary Fund
IMO	International Maritime Organization
IOM	International Organization for Migration
IPI	International Procurement Instrument
IR	International Relations
ISPI	Istituto per gli Studi di Politica Internazionale
ITU	International Telecommunication Union
KFF	Kaiser Family Foundation
LGBTIQ	Lesbian, Gay, Bisexual, Transgender, Intersex and Queer
LIO	Liberal International Order
MAGA	Make America Great Again
MEP	Member of the European Parliament
MFN	Most-favoured nation
MPIA	Multiparty Interim Appeal Agreement
NAFTA	North American Free Trade Agreement
NATO	North Atlantic Treaty Organization
NDC	Nationally Determined Contributions
NGO	Non-governmental organization
OCHA	Office for the Coordination of Humanitarian Affairs

PfE	Patriots for Europe
PHEIC	Public Health Emergency of International Concern
PTA	Preferential Trade Agreement
QMV	Qualified majority voting
RSA	Revenu de solidarité active
RSC	Robert Schuman Centre for Advanced Studies
SAFE	Security Action for Europe
SARS	Severe acute respiratory syndrome
SCO	Shanghai Cooperation Organisation
SCOTUS	Supreme Court of the United States
SECEUR	Securing Europe
SNAP	Supplemental Nutrition Assistance Program
SWIFT	Society for Worldwide Interbank Financial Telecommunication
TANF	Temporary Assistance for Needy Families
TBT	Technical Barriers to Trade
TFA	Trade Facilitation Agreement
TPP	Trans-Pacific Partnership
TRIMS	Trade-Related Investment Measures
TRIPS	Trade-Related Aspects of Intellectual Property Rights
TTIP	Transatlantic Trade and Investment Partnership
UAE	United Arab Emirates
UN	United Nations
UNDP	United Nations Development Programme
UNESCO	United Nations Educational, Scientific and Cultural Organization
UNFCCC	United Nations Framework Convention on Climate Change
UNFPA	United Nations Population Fund
UNHRC	United Nations Human Rights Council
UNICEF	United Nations Children's Fund
UNRWA	United Nations Relief and Works Agency for Palestine
USAID	United States Agency for International Development
US	United States
WFP	World Food Programme
WHO	World Health Organization
WOLA	Washington Office on Latin America
WTO	World Trade Organization

Populism and the Future of Transatlantic Relations: Challenges and Policy Options

Marianne Riddervold[1], Guri Rosén[2] and Jessica R. Greenberg[3]

Introduction

Several years ago, John Peterson (2018, 647) wrote that

> the future of US–European relations and the liberal international order depend less than we might expect on what the US or Europe do to invest in their alliance or in foreign policy more generally. What really matters is domestic democratic politics in Europe and America.

Donald Trump's return to the presidency in January 2025, together with the consequential shifts in United States (US) foreign policy, makes Peterson's claim appear well-founded. We are now witnessing nothing short of a deep and potentially durable rift between the European Union (EU) and the US.

With weakening transatlantic relations, broader geopolitical uncertainties and war on the European continent, the EU must navigate simultaneous internal strains and external pressure. The increasing support for radical right parties across Europe and their influence on EU institutions and domestic agendas make it more challenging for the EU to unify and present a cohesive front in response to Trump's attempt to destabilize the transatlantic alliance. The EU faces new challenges that

1. mariarid@arena.uio.no
2. guri.rosen@stv.uio.no
3. jrgreenb@illinois.edu

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are the consequence of Trump's policies in defence, trade and his undermining of international institutions, democratic norms and the rule of law. At the international level, the EU's goal to be a global leader in promoting democracy, human rights and international law both in its immediate vicinity and globally requires proactive and strategic actions to defend and enhance the current liberal order. With Trump's return to the presidency, EU leaders must reevaluate transatlantic relations and recalibrate EU policy to mitigate risks from shifts in US foreign policy.

This report assesses how changes in US foreign policy under a right-wing populist president affect the EU–US relationship and offers concrete policy recommendations on pressing issues. Focusing on the links between foreign-policy shifts, domestic polarization and antiliberal democratic trends, the report examines how domestic dynamics may constitute the most severe long-term challenge to transatlantic cooperation. It also evaluates specific policy challenges and opportunities for strengthening that cooperation in the years ahead.

'Transatlantic relations' is a broad concept that refers to the historic, economic, strategic, cultural, political and social relations that exist between countries in North America and Europe. A key feature of international relations since the end of the Second World War, we here define it as the overall set of relations between the EU and the United States, 'within the broader framework of the institutional and other connections maintained via NATO and other institutions' (Smith 2018, 539). After several decades of close cooperation, no other regions in the world have such strong ties as North America and Europe. Transatlantic cooperation is a cornerstone of the United States-originated post-war liberal order, which originated from the liberal idea that democracy, human rights, liberalized trade and active participation in international institutions produce economic gains and advance stability, peace and human dignity. The transatlantic relationship emerged as a security alliance under American leadership, established to protect Europe from the Soviet Union. Its continuing relevance after the Cold War has been driven primarily by the shared values, identities and strategic outlooks that have united its members (Schimmelfennig 2012). Despite differences in specific policy issues, a core set of shared liberal values was always at the heart of this relationship. Risse (2016), for instance, describes the transatlantic relationship as a security community – one grounded not only in common strategic and economic interests, but also in shared liberal ideas. Ikenberry (2008; 2018) similarly frames the transatlantic relationship as the 'Atlantic Political Order', a security community that moved beyond its defence origins to rest on liberal tenets, free trade and cooperation through

multilateral institutions within and outside the United Nations (UN) system (Riddervold and Newsome 2018, 2022; Risse 2012; Smith et al. 2024).

For West, and later most European nations, the Atlantic order provided a framework within which liberal democracies could secure greater protection and influence, and a framework within which the European integration project could evolve. Being part of this liberal hegemonic system meant integration into a comprehensive network of economic, political, and security institutions (Tocci and Alcaro 2012; Riddervold and Bolstad 2026; Smith et al. 2024). The relationship with the United States has thus been central to European states' foreign policies, just as ties with Europe have long been a core element of US international strategy.

While there have always been disagreements both over values and interests in the transatlantic relationship, we seem to have reached a point where this contestation does not just affect domestic developments, but also the very basis of the transatlantic relationship itself (Riddervold and Bolstad 2026). There is no longer a clear consensus that European and US markets and political institutions are bound together by common goals and interests. Trump is withdrawing from international cooperation in the UN. In the realm of security, he has cast doubt on American security guarantees in NATO and its commitment to come to the aid of its European allies in the event of an external attack. In trade, the administration's focus has been more on tariffs and trade restrictions than on the need to uphold global and transatlantic free trade and strong relations. And not least, as the US National Security Strategy of December 2025 clearly illustrates, the deepening transatlantic divide is fundamentally rooted in a clash of values between Trump's America and the EU. This illustrates the growing value divide between the two partners and risks undermining the liberal basis of the different pillars on which transatlantic relations have rested and thus the transatlantic relationship writ large (Riddervold and Bolstad 2026). Viewed together, these developments mean the transatlantic relationship is at a critical crossroads, where substantive shifts are more probable now than continued adherence to long-standing institutional collaboration and norms (Jones 2025).

By exploring developments in US foreign policies and how these are linked to domestic polarization and antiliberal democratic ideas, chapters in this report shed light on how this domestic factor poses a severe challenge to the transatlantic relationship. Authors focus on how the rise of right-wing populism – with an increasing portion of the population resisting globalization, international institutions, free trade and even democratic values on both sides of the Atlantic

(e.g., de Vries et al., 2021; Mansfield et al., 2021; Rogowski et al., 2021; Walter, 2021) – affects the transatlantic relationship. After all, 'the futures of the liberal order, transatlantic alliance and western democratic politics are inextricably bound together' (Peterson 2018, 638).

To gain a comprehensive understanding of how US policies under Trump affect EU–US relations, we draw on Ikenberry (2008, 2018) to distinguish between four liberal pillars on which the transatlantic relationship has rested: *security, trade, international institutions and democratic values*. The report is organized accordingly and is composed of four main parts that each start with a chapter giving a broader historical overview of developments in the domain, followed by three case studies of how US policies now affect the transatlantic relationship. To systematize the changes we observe, we distinguish between three possible scenarios that are discussed in the different chapters: that transatlantic relations are *breaking apart* due to domestic polarization and/or structural geopolitical changes, that they will *muddle through* due to ongoing changes based on functional cooperation, networks and interdependencies; or that we in fact over time, despite current challenges, may be witnessing a change towards a *different and redefined but stronger relationship* (Tocci and Alcaro 2012); Riddervold, Trondal and Newsome 2021).

Framework: The four pillars of transatlantic relations

Drawing on Ikenberry (2008, 2018), the 'Atlantic Political Order' has been built on four foundational, interlinked pillars established under US liberal hegemony: security alliances, trade and finance, common institutions and rules, as well as shared democratic, liberal norms.

Ikenberry identifies two mutually beneficial bargains that have underpinned the transatlantic relationship. The 'realist bargain' involved the United States using its military strength to support its European (and other) allies, with Europe agreeing to subsume a US-led system. This bargain was institutionalized through NATO and numerous bilateral security agreements between the United States and its Western allies. The 'liberal bargain' involved Europe accepting US leadership in exchange for security protection, access to US markets, technology and resources within an open world economy, amongst other things, resulting in a strong trade and financial relationship.

While security and trade form the first two pillars, the transatlantic relationship has also formed the core of what is often called the multilateral system, meaning international cooperation within the UN and other international organizations built under US leadership after the Second World War. Ruggie (1982) referred to key parts of this system as 'embedded liberalism', where economic liberalism was integrated into a managed global economy, giving governments greater control over trade and economic openness. Institutions designed to support this framework aimed to reinforce cooperation, while strengthening US ties with its post-war partners and reducing concerns about domination and abandonment. Over time, this rules-based order expanded beyond monetary and trade cooperation to cover security, development, health and, more recently, global challenges such as climate change, with states increasingly relying on multilateral frameworks for coordinated action (Zürn 2018). Multilateral cooperation and institutions have also been so central to the EU that it is described as part of the 'EU's DNA' (Smith 2011).

Lastly, while focused on security and trade, the transatlantic relationship has, as discussed above, had a liberal value-based core, extending beyond economic and strategic cooperation and institutional rules and institutions to also include broader commitments to democracy and human rights. While the order's principles, like Franklin D. Roosevelt's 'Four Freedoms' and post-war multilateralism, were framed as universal, its structure was shaped by Cold War realities and centred on the United States and its democratic allies. Initially focused on Western Europe and Japan, the community of democracies expanded after the Cold War to include a larger and more diverse group of nations. While often being accused of double standards and with much variation in their foreign policies, from Wilson to Biden, US presidents before Trump have operated on the belief that democracies possess a unique ability to cooperate due to shared interests and values (Riddervold and Bolstad 2026). This belief reinforced the idea that the 'free world' was not merely a temporary alliance against the Soviet Union, but a growing political community united by a common liberal democratic vision. For Europe, the Atlantic order 'provided a 'container' within which liberal democracies could gain greater measures of security, protection and economic prosperity as well. To be inside this liberal hegemonic order was to be positioned inside a set of economic, political and security institutions. It was both a *Gesellschaft* – a 'society' defined by formal rules, institutions and governmental ties – and a *Gemeinschaft*, a 'community' defined by shared values, beliefs and expectations (Ikenberry 2018, 17).

Changes under Trump: Three possible scenarios

Across the post-war era, US presidents – despite partisan differences – have consistently prioritized and maintained the transatlantic partnership. Successive administrations from both parties regarded robust NATO alliances, international cooperation and extensive trade links with Europe and other partners as vital to American security and economic prosperity.

With the re-election of Trump in 2024, all four pillars of the relationship are now being challenged. Domestic policies directly and indirectly disturb the shared interests, interdependence, institutions and values that have served to uphold a strong transatlantic relationship (Risse 2016; Riddervold and Newsome 2022; Smith et al 2024). Regarding security interests, Trump is questioning the United States' commitments to NATO, forcing the EU to step up the game in security and defence. This change, however, also reflects longer-term structural and domestic trends. Indeed, the need to counter China's global expansionism is one of the few issues where the US political elite, across both parties, agree. American voters also consider China one of the main threats to the United States (Smeltz 2022; Bolstad and Riddervold 2023). Domestically, the view on transatlantic relations is somewhat mixed. On the one hand, Congress continues to be less polarized on foreign policy than on domestic issues, and there are different perspectives on foreign policy within the Republican Party (see Alcaro, this volume). Polls also show a continued, although declining, commitment to NATO and European allies (Smeltz 2022). On the other hand, however, studies suggest that Democrats and Republicans are increasingly divided on whether the United States should focus on domestic problems or continue to support international engagement (Smeltz 2022). The United States' changing security policies under Trump are also evident in the president's more aggressive foreign policies and his apparent willingness to use the United States' might to enforce American interests, also vis-à-vis its traditional allies.

Weak informal ties also make the transatlantic relationship vulnerable to changing US administrations. Despite close cooperation for decades, the transatlantic relationship rests on rather few formal institutional ties. There is for example no trade agreement between the EU and the United States. As Elsuwege and Szép (2023) note, many networks, in epistemic communities, non-governmental organizations (NGOs) and international organizations are essentially informal and political rather than based on formal legal or institutional structures. Hence,

although many of these expert communities and diplomatic and other networks may persist under Trump (see Smith, this volume), and as such help stabilize the relationship somewhat, the lack of formal institutions makes the transatlantic relationship more vulnerable to changes introduced by the policy decisions of different administrations. Formal institutions are harder to break and are more consistent and stable over time compared to informal networks, which depend more on the people they consist of. Moreover, Trump and his team have extended the number of administrative positions referred to as political and thus subject to change substantially (Wendling 2024). Over time, this is likely to affect informal transatlantic diplomatic and expert networks.

At the same time, observers argue that the current challenges should not be exaggerated (Tocci and Alcaro 2012). The transatlantic relationship has withstood crises before, such as disagreements following the US-led invasion of Iraq in 2003, which at the time was described as the biggest crisis ever facing the transatlantic relationship (Abelson and Brooks 2022). Tocci and Alcaro (2012) even found that the transatlantic relationship has changed and reemerged through periods of stability and crisis, with structural changes, crises and disagreements leading to a renewed relationship between the United States and Europe, rather than to a breakdown or a weakening.

To discuss if and how transatlantic relations are changing under Trump, all our chapters engage with the following three scenarios:

- A first scenario suggests that transatlantic relations *disintegrate* in one or more policy areas, owing to diverging interests and responses to structural geopolitical changes, or to domestic political changes linked to antiglobalization, America First or isolationist sentiments.

- A second scenario suggests that the EU–US relationship will be able to *muddle through* contemporary geopolitical and domestic challenges by undergoing a *functional adjustment* where cooperation is maintained in policy areas where this is seen as mutually advantageous (Tocci and Alcaro 2012, 15). This adjustment is made possible by factors such as pre-existing interdependencies, networks and institutionalized relations or overlapping interests in issue-specific areas. If these types of agreements are found in many areas, the overall relationship will be stronger than if they are only found in some domains.

- A third scenario posits that the transatlantic relationship might even *move*

forward in the face of global uncertainty and common challenges. This scenario could, for example, arise in the face of external shocks, as part of a broader balancing game, and/or because changing global structures and shared challenges reinforce and strengthen existing networks and interdependencies. These new forms of cooperation will be more resilient if they are formally institutionalized. However, it is also possible that convergence in a new and redefined relationship follows populist or right-wing trends, for example, securitization of borders or a shared set of policy approaches intended to weaken liberal values like pluralism, civic freedoms and human rights.

Structure of the report

Within each section of the report, a background chapter introduces the overarching debate, followed by three case studies focusing on observed changes, policy implications and recommendations for EU responses.

Section 1: Security (Alcaro, Pomorska and Morgenstern-Pomorski, Sus, Wong)
In security, NATO has traditionally served as the alliance's institutional backbone, but the EU has also increasingly taken on a bigger role, especially after Russia's 2022 full-scale invasion of Ukraine (Fiott 2023; Grand 2024; Rieker and Giske 2023). Originally established to deter and, if necessary, defend against Soviet expansionism, NATO's survival beyond the Cold War was largely due to the common values, identities, and worldviews on which it was founded (Schimmelfennig, 2012). NATO is a trust-based pact whose deterrent power rests on the expectation that Article 5 will be honoured rather than on legal enforcement. Recent US conduct, however, has strained that normative foundation: proposals for a transactional, 'two-tier' NATO tied to defence spending and rhetoric about Greenland contribute to undermining the alliance's values-based solidarity and the liberal principles of sovereignty and self-determination (Riddervold and Bolstad 2026). The clearest manifestation of an eroding liberal consensus and increasing strategic divide is visible in responses to Russia's 2022 invasion of Ukraine: under Biden, the United States acted with Europe to condemn a breach of core international norms and lead a coordinated response grounded in multilateral and human rights arguments (Bosse 2022; Riddervold and Newsome 2022). Three years later, the Trump administration's posture – advocating neutrality and even entertaining recognition of Russia's annexation of Crimea and other territorial areas – diverges sharply from the liberal principles that have sustained the transatlantic order since the Second World War.

Section 2: Trade (E. Jones, K. Jones, Poletti, Young)

A second foundational pillar of the transatlantic relationship has been a shared commitment to liberal trade principles, which holds that regulated free trade through rules-based institutions such as the World Trade Organization (WTO), the World Bank, and the International Monetary Fund (IMF), produces mutual economic gains and stabilizing interdependence (Ikenberry 2018; Keohane and Nye 2012). Both the United States and the EU have at times fallen short of these ideals: the EU has long sheltered its agricultural sector, and no comprehensive EU–US trade agreement has materialized despite deep commercial ties (Risse 2016), while public concerns about consumer protection and other values helped derail the Transatlantic Trade and Investment Partnership or TTIP (de Ville and Siles-Brügge 2016). Rising populism has amplified scepticism toward multilateral bodies such as the WTO and weakened domestic support for trade liberalization (Kerremans 2022). Under Trump's second administration, protectionist policies, tariff measures and abrupt renegotiations have strained transatlantic trade and regulatory cooperation, undermined trust, and contravened core WTO principles such as the most favoured nation (MFN) principle, whereas the EU continues to champion the WTO and rules-based trade – summed up in the claim that 'with Europe, what you see is what you get' (von der Leyen 2025) – producing a widening divergence over economic liberalism and deepening the transatlantic divide.

Section 3: International institutions (Drieskens, Fiorino, Smith, Veggeland)

Right-wing populist, antiglobalization currents on both sides of the Atlantic have increasingly challenged multilateral cooperation and liberal institutions, with the Trump administration providing the clearest political expression of this transatlantic divergence. Under his second term, Trump has initiated a rolling back of American engagement with international bodies – reaffirming withdrawals from the World Health Organization (WHO), the UN Human Rights Council (UNHCR) and the Paris Agreement, slashing foreign aid as 'wasteful spending', and framing multilateral institutions as inefficient, elite-driven constraints on national sovereignty. These moves reflect a broader ideological shift from liberal internationalism toward a sovereignty-first, 'America First' posture that casts multilateral commitments as threats to identity and autonomy. At the same time, the EU has become a focal point of populist ire in the US narrative – portrayed as an external extension of domestic liberal opponents (Belin 2024) – so that withdrawals and unilateralism both signal and deepen a growing rupture between US populist politics and the EU's commitment to global governance.

Section 4: Democratic values (Andersson, Azmanova, Benson, Holmes, Newman)
At the heart of the widening transatlantic divide is a core value conflict between the Trump administration and the EU, where rising illiberal social trends erode the liberal democratic norms that long anchored transatlantic ties. Far-right populists on both sides of the Atlantic are actively critical of democratic and rule of law institutions that were so central to deepening US–European cooperation following the end of the Cold War (Carothers 2007). The US administration's support has likewise emboldened self-proclaimed 'illiberal' leaders in Europe. This approach was starkly visible at the 2025 Munich Security Conference, where Vice President JD Vance echoed populist rhetoric and signalled support for Germany's ostracized far-right Alternative für Deutschland (AfD), while figures within the administration (and allied private actors) openly backed illiberal parties and attacked democratic institutions and higher education. The administration's challenges to election legitimacy (e.g., claims about Romania's 2025 vote), its cuts to federally funded research, its elimination of long-standing programs to support democracy, rule of law and humanitarian assistance, both in and in collaboration with European partners, and its differing approach to regulating misinformation further widened the values gap with Europe. Attacks on US higher education, and cuts to funding for programs that enhance European–US scholarly exchange, undermine scientific collaboration, threaten transatlantic opportunities for innovation and undercut long-standing commitments to citizen diplomacy. Although far-right movements in the United States and Europe vary in context, they share a populist, nativist orientation – what Mudde (2007, 19) describes as an exclusionary ideology hostile to nonnative elements – that reframes democracy as majoritarian rule and rejects liberal protections for minority rights and the rule of law.

Our conclusion sums up key findings and provides recommendations for how the EU should respond to changing transatlantic relations.

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SECTION 1

SECURITY

CHAPTER 1

Overview and Background: Right-wing Nationalism, Trump and the Future of US–European Relations

Riccardo Alcaro*
Istituto Affari Internazionali (IAI), Rome, Italy

Abstract

The rise of right-wing populism in Europe and the United States is often seen as a threat to the transatlantic relationship. This movement challenges the internationalist, institutional and liberal principles that have long underpinned US–European ties and sustained American leadership. In the United States, Donald Trump has pushed conservatism toward nationalism and nativism. His administration's multiple – often conflicting – approaches make both transformation and rupture of the transatlantic bond plausible outcomes. Traditional Republicans still see alliances as tools to contain rivals; MAGA conservatives advocate isolationism and protectionism, and the nativist right envisions a 'civilizational alliance' of Christian nation-states in the West opposing liberal internationalism. Trump himself treats alliances as client relationships, rewarding loyalty and punishing defiance. Understanding this interplay of forces is essential to interpreting the volatility of Trump-era policies toward Europe and evaluating their implications for the European Union (EU) and the continent's security.

Keywords: *transatlantic relations, national conservatism, New Right, Trump foreign policy, European strategic autonomy*

* r.alcaro@iai.it

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Introduction

There is a growing sense amongst experts and policymakers that the transatlantic relationship, as we have come to know it in the 80 years since the Second World War, has run its course (Fahey 2023). In part, transatlantic change reflects broader systemic change, as the United States adapts irregularly but inexorably to a global context in which the centre of geopolitical gravity has shifted from the Atlantic to the Pacific. Equally important, however, is the questioning of the ideational and strategic foundations of the transatlantic relationship in the domestic landscapes of the United States and, to a lesser extent, Europe. Hence, while the transatlantic relationship will evolve in light of global structural shifts, the interplay between domestic political dynamics across the ocean will determine its quality and direction (Laderman 2024–25). For Europeans, the stakes are high indeed, given the United States' role in the defence of Europe and the amplification of European clout in an international system built over decades around the Euro–Atlantic order.

Were political elites in the United States and Europe to forge a new alliance infused with ideational commonalities and grounded in strategic convergence, the relationship could be revived in a different form. Alternatively, ideological affinities may enhance a sense of common belonging across like-minded parties but may be insufficient to provide a platform for structured foreign policy coordination. The transatlantic relationship would thus become a series of arrangements based on the contingent interests of either side. Finally, absent any form of strong transnational ties, the relationship may drift apart, potentially giving way to systemic competition. Intermediate forms of these scenarios of partnership, functional relationship (a way of muddling through where cooperation is issue-contingent) and breaking apart are equally plausible (Alcaro and Tocci 2014). One such form that does not neatly fit into any of these three scenarios is a relationship in which the United States' hierarchical centrality is reasserted through the weakening and fragmentation of the European side.

The manner in which the relationship adapts to systemic changes is thus being forged in domestic political struggles about the value and relevance of the transatlantic bond, especially in the United States. The main – although not the only – drivers of such political fights are forces that in the 2010s were grouped under the heading of right-wing populism, but which today should be described as distinct instances of national (or nationalist) conservatism. On the rise in a number of European Union (EU) member states, national conservatism has scored massive

political victories in the United States, where President Donald Trump has served as its standard-bearer *(The Economist 2024)*.

This introductory chapter briefly explains Trump's Europe policy in light of the different strands of thought within his administration and his personalistic understanding of power. Next, it recaps how European countries have adjusted. Finally, it draws preliminary conclusions about how national conservatism and Trump's personalistic hold on power can affect Europe's domestic debate and choices regarding the transatlantic relationship.

Multifaceted American conservatism and Europe

In the Trump administration, the Republican Party and the US conservative world at large coexist with different visions of America's role in the world and the corresponding foreign policy priorities – including with regard to Europe (Dueck 2019). At the risk of oversimplifying, the conservative foreign policy debate breaks down into three broad categories – primacists, conservative realists and civilizational warriors – that define schools of thought conceptually distinct from one another, even if they are not always mutually exclusive in terms of policy options.

The *primacists* comprise what is left of traditional Republican internationalism (Ruge and Shapiro 2022). The liberal and universalist impetus that once positioned the United States as the leader of the free world and guarantor of the international system – a proposition extended to economic relations through the promotion of unrestrained movement of goods and capital and the globalization of efficiency-based supply chains – has faded. Yet the conviction endures that America's hegemonic position should be preserved through deep involvement in global affairs (Schake 2024).

From this perspective, alliances and partnerships are essential to augment the United States' capacity to push back against a coalition of adversaries whose strategic alignment is assumed to be strong and long-term due to their authoritarian regimes and anti-Western orientation: the 'axis of four' of China, Russia, North Korea and Iran (as well as their minions like Venezuela) (Kendall-Taylor and Fontaine 2024). Although of lesser importance, international organizations and treaties retain utility insofar as they can be used to promote narratives and policy recipes in line with US interests and thus isolate rivals.

Europe occupies a significant position in this vision because NATO guarantees the continental hegemony of the United States, and the European countries act as a first line of defence against Russia and as a check on Moscow's ambitions. While important, Europe's capacity to strengthen its military is not an absolute priority for primacists, as it may, after all, affect the United States' ability to influence European countries' foreign policy. It follows that continuous investment of political and military resources in NATO and the defence of Ukraine remains critical to weakening Russia and ensuring European followership (Michta 2024).

Although it no longer enjoys the same degree of public support as it once did, this school of thought retains significant influence within the US foreign policy establishment — particularly among Washington think tanks, conservative media outlets such as The Wall Street Journal, senior members of Congress (with Senator Lindsey Graham leading the group of Republican foreign policy hawks), and within the administration itself, where it is represented primarily by Secretary of State Marco Rubio.

Conservative realists encompass a range of diverse voices united by a common desire to see the United States act upon narrowly defined national interests (Borg 2024). A segment of the public opinion sees US exceptionalism as a national peculiarity that does not need to be exported abroad and favours a limited international role for the United States, largely free of any binding commitments arising from alliances or membership in international institutions. Among foreign policy experts, this strand of thought has its roots in the realist school of International Relations, which appreciates alliances and multilateral regimes insofar as they can help limit the United States' military exposure.

Those grouped under the conservative realism label tend to agree on certain foreign policy priorities, most notably the need to prevent or contain the emergence of China as a threat to geopolitical balances in East Asia and, potentially, globally too. Still, conservative realism is open to the construction of a multipolar system in which US military might (which remains of paramount importance) works primarily for deterrence and offshore balancing, and the defence of US interests is made more sustainable through the pursuit of stability-oriented arrangements with rival powers (Mearsheimer and Walt 2016).

From this perspective, the notion that allies and partners of the United States may acquire greater autonomy is acceptable inasmuch as they can better guarantee

the stability of the geopolitical theatres that have absorbed a disproportionate share of US political and military resources – namely the Middle East and Europe – so that Washington can concentrate more extensively on the Asian front. A more integrated and potentially autonomous EU is less a threat to America's primacy (to which conservative realists do not have an obsessive attachment) than it is an opportunity to share the burden for continental stability and the containment of Russia (Williams 2025). It is also the best option to reduce the security risks that a downgrading of the United States' strategic commitment to Europe and its military presence across NATO countries would carry with it (Chivvis 2025).

While still in the minority, this strand of thought has moved beyond academia. It resonates with the inward-looking instincts of the MAGA crowd, but also with the section of the left-wing electorate that has grown weary of what it perceives as American militarism abroad. It has also entered the foreign policy debates inside the Beltway as a regular voice in favour of restraint. However, conservative realism has made little inroads into the administration, even if 'China prioritizers' like Undersecretary of Defence Elbridge Colby may be loosely associated with it.

The third category, the *civilizational warriors*, has its ideological roots in the national conservatism espoused by much of the US new right (Hazony 2022). This strand of thought holds together the forceful reassertion of American absolute sovereignty against any form of long-term international commitment with the conviction that America is the core, engine and apex of Western civilization. Civilizational warriors do not construct the West as an alliance of states bound by shared strategic interests and a common commitment to universalistic values such as human rights, democracy and the rule of law. Rather, they conceive of it as a community of nations from Europe and of European descent linked to one another by history, Christianity (or the Judeo-Christian tradition) and, to some at least, race.

Civilizational warriors see this community as threatened not so much by the authoritarianism and militaristic expansionism of rival powers like Russia. Instead, it is migrants with an alien ethnic, linguistic and religious background and globalist elites promoting open trade, globalized supply chains and the supposedly intolerant and degenerate 'woke' ideology that risk subverting Western freedoms, welfare and cultural traditions. This vision is shared, in whole or in part, by sections of the MAGA movement, as well as by tech billionaires like Elon Musk and Peter Thiel, and has its most prominent reference point in Vice President JD Vance (Lopez 2025).

Europe is both the object of nostalgia and the source of hatred for those holding this view. On the one hand, the EU is deeply resented not just because of its potential to empower its member states, but also because it embodies the set of values that this movement despises most: supranationalism, inclusivity, diversity, and cosmopolitanism (Franke 2025). On the other hand, the European nations are the natural candidates to join the United States in a 'civilizational alliance' against migrants and the enemies from within (Samson 2025).

US foreign policy under the second Trump administration comprises elements of these various strands of conservatism, which explains the at times wild oscillations in rhetoric and policy actions on display regarding the Ukraine war and the approach to NATO and Europe's security in general. While this multiple origin makes US foreign policy look incoherent, another element gives it greater intelligibility – namely, Trump's understanding of power (Moynihan 2025). The US president sees power as a never-ending exercise in renegotiating relations, in which the stronger side, the United States, uses its vast array of assets – from tariffs to military assistance to investment – to extract ever more concessions (Bertoldi and Buti 2025). He views US alliances and partnerships as a client system in which the US's burden is diminished, and its advantage is aggressively pursued. Similarly, rival powers are less systemic enemies to be defeated than potential interlocutors for deals in which influence is shared according to each party's relative power and interests (Feaver 2024).

What makes this combination of extreme transactionalism and penchant for unrestrained sovereignty unique is the construction of the US national interest as inexorably linked to Trump's personal power, and the ensuing blurring of the line between public and private interests. The elevation of personal ties with Trump, his family and his closest entourage, above formal relations between state institutions, creates incentives for allies, partners and rivals alike to contribute to his political and private fortunes. Governments that do not have to worry excessively about domestic opposition, such as the Arab Gulf dynasties, which have struck multi-billion-dollar deals with the Trump administration (and generously contributed to the financial and crypto ventures of the president's family), have adapted with relative ease. For European governments, which are often supported by multi-party parliamentary coalitions and are subject to greater scrutiny from the press and public opinion, the process is more complicated.

Europe's adjustments: The benefits and costs of appeasement

European adjustment to US foreign policy under Trump has taken on different forms. There has been an extensive use of flattery to win the US president's favour, with European leaders echoing his rhetoric or developing new language consistent with it (Shapiro 2025; Brands 2025). More significantly, European governments have made efforts to meet US expectations beforehand. They have raised military and security-related spending to address the US's longstanding concern about NATO's uneven burden-sharing, agreed to buy US weapons on behalf of Ukraine, maintained economic pressure on Russia, and shown readiness to support a post-war settlement through deployed military assets (Scazzieri 2025; Ondrych 2025). Some have signalled their value to the pursuit of strategic goals that the Trump administration deems priorities, as when Finland agreed to build icebreakers to strengthen the United States' hold on the Arctic (Foroohar 2025).

In return, the Europeans have often resorted to damage limitation. The latter has involved absorbing the effects of Trump's most disruptive policies – such as tariffs, the phasing out of military transfers to Ukraine, and threats to take Greenland from Denmark – through coordinated diplomatic engagement, notably at the level of leaders. The objective of these efforts has been to prevent unwelcome outcomes such as a deal with Russia to the detriment of Ukraine and Europe's security, further tariff escalation or the opening of new disputes (for instance over climate or digital regulations) (Momtaz et al. 2025).

These tactics have yielded some results. Trump's recurrent outbursts against NATO have ceased, and the administration's rhetoric on Europe has improved. Most importantly, support for Ukraine has not been interrupted, and sanctions on Russia have been maintained, even if Moscow's stubborn rejection of any US opening and Kyiv's deft management of Trump's expectations have arguably been more consequential than European entreaties (Mikhelidze 2025). Even so, Europe's reactive approach has limits and carries risks and costs. As mentioned above, support for maintaining a significant military presence in Europe is fading in the US public and even among elites. Thus, the most the European governments can hope for is to coordinate the downgrading of US assets within NATO with Washington so that it does not leave them overly exposed, and cultivate bilateral military relations to keep as many of those assets as possible on their national soil.

In addition, Trump's volatile nature and transactional approach force European governments into continuous efforts to appease him, which in turn feeds his tendency to renegotiate the terms of their arrangements and add new demands. An example is Trump's initial insistence that US sanctions on Russia could happen if the EU first adopted impossibly high tariffs on China and India as retribution for purchasing Russian oil (he later cast aside this condition, but not because of European opposition) (Hoskins 2025). Even when no demand is explicitly uttered, the Europeans may opt for alignment to avoid injecting an irritant into the transatlantic relationship, as their endorsement of the US bombing of Iran (an eventuality they had long opposed) attests (Azizi and Van Veen 2025).

This highly reactive and largely accommodating attitude means EU and national policymakers end up sharpening the tension between the urgent need to keep the United States engaged, on the one hand, and the long-term goal of reducing European vulnerability to external pressure through more integrated EU institutions and capacities, on the other. The domestic incentives to invest diplomatic resources and political capital in greater EU integration, by nature a slow and cumbersome process, diminish if bilateral action can more easily secure gains from a US administration that is short on sympathy for the supranational EU.

The commitment to investing in a systematic and extensive upgrade of EU governance and capabilities is also affected by the fact that Trump's power-based, sovereignty-driven foreign policy approach, which has been given an aura of legitimacy by European appeasement, has emboldened Eurosceptic forces that share ideological affinities with US national conservatism.

Trump and Europe's right: So far, so close?

There is much in common within the transatlantic right-wing galaxy, spanning a nationalist attachment to sovereignty, visceral opposition to immigration, revulsion at the 'degenerate' woke values of liberal progressivism, resentment against regulations in the digital and climate sectors, as well as impatience with political and constitutional checks and balances. Ideological affinities underpin growing ties between US and European right-wing movements, with institutions from Poland and Hungary (a central reference point for the US new right) quite active in promoting a transatlantic community of right-wing intellectuals and activists.

However, replicating the American right's success in Europe is not as

straightforward. The European right remains fractious and its relationship with its US counterpart anything but linear (Balfour et al. 2025). On a number of issues, European right-wing parties follow national preferences that are not easily reconcilable – the Hungarians and Poles, for instance, oppose greater burden-sharing in migration management and stronger fiscal capacity in Brussels, both of which the Italians would support. Marked divisions also exist regarding Russia. Some, notably the Polish and Scandinavian right as well as parts of the Italian right, view Russia as a threat and favour support for Ukraine. The bulk of the European right continues to nurture some sympathy towards Moscow, although this has become much more muted in the wake of the Ukraine war. They see Russian nationalist and authoritarian conservatism as a natural interlocutor for the preservation of Europe's cultural and religious heritage as well as its stability and energy security. Adding to these policy divergences are party and leadership rivalries, with three distinct right-wing groups in the European Parliament.

In short, the electoral strength of right-wing parties does not translate into an equally strong capacity to shape policies at the EU level, let alone create a coherent foreign policy platform on which to engage the United States. Right-wing parties, like anyone else, must also contend with the harm inflicted by US tariffs on EU exports and wavering security commitments, as well as with Trump's scarce popularity in most of Europe (O'Brien 2025). Even internally, the US president's average approval rating has been stuck in the mid-to-low 40s (RealClearPolitics 2025).

The reality is that the deliberately confrontational approach to politics of right-wing nationalism and Trump's personality tends to generate counterbalancing dynamics of aggregation. Moreover, Trump's power-based foreign policy, even when one shares its nationalist premises, fuels a demand in Europe for security and welfare that cannot be met in full through a critically unbalanced relationship with the United States, which is constantly open to review. Russia's war of conquest in Ukraine and Trump's nationalistic and unilateralist re-orientation of US foreign policy are tangible manifestations of a geopolitical reality that is not just debated in foreign policy circles but felt across populations in Europe. It follows that the pragmatic logic underlying European appeasement of Trump can also be applied to the EU. Whether regarded as an alternative, a complement or merely an accessory to the relationship with the United States, the EU's potential to improve member states' military, energy, technological and industrial assets, as well as protect their regulatory sovereignty and trade – including to contain the costs of renewed US–

China tensions – is easier to appreciate for elites and general public alike. The weakness of pro-EU political forces, which may be more a problem of leadership than policy, obscures but cannot erase these structural realities.

Political forces that remain committed to the transatlantic bond, or that regard the relationship with Washington primarily through a pragmatic lens, should recognize that the advantages of accommodation diminish over time. The current US administration, in all its iterations of conservative views of US foreign policy and with Trump's power-infused understanding of foreign relations, is largely insensitive to European objections, not least because it perceives little or no cost in adopting positions that openly contradict European preferences. Persisting in appeasement not only reinforces this dynamic but also undermines collective efforts to enhance the EU's capacity to withstand external pressure and adapt to a gradual recalibration of American commitments to the continent. By the same token, European nationalist movements that oppose deeper integration should reflect on the tangible costs of failing to forge a common stance in response to US measures (be they on trade, technology or other strategic issues) that harm the very constituencies these movements claim to defend.

An uncertain future

There can be little doubt that the political struggles on the future of the transatlantic relationship across Europe are being fought on a favourable terrain for the right-wing forces and President Trump himself. Nevertheless, those struggles are not settled yet, and the future is open to different scenarios.

In one possible scenario – consistent with the worldview of US primacists – the United States would maintain its commitment to Europe's defence in exchange for a greater European contribution to continental security and, more broadly, Washington's pursuit of global hegemony. This approach would not only entail participation in the containment of Russia but also complete alignment in pushing back against China's influence and isolating other adversarial powers, such as Iran. Such an arrangement would loosely represent a continuation of the post-war transatlantic relationship, albeit one in which normative and institutional dimensions are downgraded since the development of European military capabilities becomes instrumental to the consolidation of a rigidly hierarchical Euro–Atlantic structure. The relationship would thereby assume the form of a hub-and-spoke system, characterized by a stronger bilateralization of US security and defence ties

with individual European states, the relative marginalization of NATO as a locus of transatlantic consensus-building, and indifference or mild hostility towards the EU. Although not entirely compatible with President Trump's aversion to long-term commitments, this configuration of US–European relations would nonetheless chime with his conception of America's alliances and partnerships as a clientelist network reaffirming US centrality.

In another scenario, the development of integrated European capacities for resource generation and defence and security provision would endow EU member states with greater bargaining power in dealings with Washington across domains ranging from trade and relations with China to the security governance of Europe itself. This dynamic would clash with Trump's anti-EU instincts and his ambition to reassert American primacy. Yet, it would resonate with his transactional understanding of international relations and with his preference, shared by conservative realists, for a substantial US retrenchment from Europe.

Both scenarios rest on the assumption that transatlantic political elites would frame their domestic political interests in terms of the strategic advantages of preserving a strong Euro–Atlantic coalition, although in the second case, the relationship would be more prone to engendering largely contingent, functional forms of cooperation. However, another scenario envisions the inverse dynamic, whereby strategic security concerns are subordinated to short-term political expediency, particularly on the European side.

In such a context, the containment of Russia, the management of tensions with China or the pursuit of stability in the Middle East would rank lower on the hierarchy of priorities than the quest for control over domestic centres of power through the continuous mobilization against internal political adversaries and, increasingly, against the supranational governance system of the EU. In this scenario, which reflects the ideological convictions of the civilization warriors, the transatlantic relationship would become 'de-strategized'. It would in effect assume a partisan function, operating as a shared ideological framework through which right-wing parties mutually legitimize their respective domestic political struggles, with strategic coordination being relegated to either contingent arrangements or, again, European followership.

As mentioned at the start of this introduction, the evolution of the transatlantic relationship will be shaped as much by the capacity of political elites to reconcile

strategic imperatives with domestic political pressures as by shifts in material power or institutional design. Whether this reconciliation yields a renewed yet asymmetrical alliance, a more equal but functional partnership or devolves into a fragmented, ideologically charged alignment will determine the degree to which the Euro–Atlantic area continues to constitute a coherent pole of order in a contested international system.

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CHAPTER 2

Functional Adaptation Without Much Love: NATO and the Strains of EU–US Relations

Monica Sus*

Institute for Political Studies at the Polish Academy of Sciences, Warsaw, Poland & Robert Schuman Centre for Advanced Studies at the European University Institute, Florence, Italy

Abstract

This chapter examines how Donald Trump's return to the White House in 2025 has transformed the EU–NATO–US triangle and Europe's security architecture. Trump's open questioning of Article 5, his transactional approach to allies, the US pivot to the Indo–Pacific, and renewed scepticism toward multilateral institutions have triggered a crisis of confidence in Washington's security guarantees. In response, European states have increased defence spending; the EU has assumed a more assertive role in defence industrial and fiscal policy; and flexible coalitions, such as the 'coalition of the willing' for Ukraine, have proliferated. Taken together, these developments point not to transatlantic breakdown or full renewal, but to a 'muddling through' scenario of adaptive equilibrium, in which mutual dependence, institutional resilience and emerging European capabilities sustain the partnership despite deep mistrust. The chapter closes by outlining key policy priorities for managing this uneasy but durable settlement.

Keywords: *NATO; European Union; security; defence; multilateralism; populism*

* monika.sus@eui.eu

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Introduction

The return of Donald Trump to the White House in January 2025 caused anxiety in Europe about the United States' reliability as a trustworthy NATO ally. The Trump administration's frequent undermining of the essence of the transatlantic relationship – particularly Article 5 of the Washington Treaty on collective defence – alongside its unilateral actions aimed at ending Russia's war in Ukraine at all costs, shook many European capitals. Well aware of their dependence on the United States for securing peace on the continent for the past several decades, European leaders now face the possibility that Washington would not honour its defence commitments to its allies. This recognition is especially alarming for countries on NATO's eastern and northern flanks, which are particularly exposed to Russia's hybrid warfare.

At the same time, the doubt whether the United States would honour its defence commitments in the event of Russian aggression against a NATO country has been reinforced by two further factors – one structural, the other characteristic of the Trump administration's worldview. The former is the shift of US strategic priorities toward the Indo–Pacific, while the latter reflects a deep mistrust of the Trump team towards multilateral commitments that have underpinned the liberal world order since the Second World War, such as the United Nations, the World Trade Organization (WTO), and the International Monetary Fund (IMF) (Bergmann 2025; Dijkstra et al. 2025)

In response, European NATO allies, most of which are also members of the EU, have taken long-overdue decisions to increase their national defence spending. The mid- and long-term goal is to prepare for a gradual burden-shifting from the United States to European NATO members. At the same time, to facilitate the enhancement of defence capabilities on the continent, the European Union intensified its role in defence and security. It introduced targeted loans and funding mechanisms to support member states in developing critical defence infrastructure and advancing industrial projects (European Commission and European External Action Service 2025). Integrating defence industries, which have traditionally operated according to national reflexes due to the sector's sensitivity, is a challenging, long-term task and the shadow of US unpredictability further complicates it.

The chapter examines how the EU–NATO–US triangle has evolved since Trump returned to the White House, becoming more complex and less predictable.

It argues that the transatlantic relationship is now best captured by a 'muddling through' scenario, characteristic of an adaptive equilibrium. The complex network of policy practices among these three actors has so far provided the flexibility and resilience needed to adapt to the current circumstances, indicating that the transatlantic partnership, although evolving, will likely remain an essential element of Europe's security order.

On the one hand, the still considerable overlap of shared interests between the United States and its European allies, despite hostile rhetoric (The White House 2025), discourages the American administration from fully disengaging from Europe and losing its historically most vital ally (Atlantic Council, 2024; Sloan, 2010). Europe, in turn, recognizes that tackling the geopolitical challenges on its doorstep without Washington's support would be highly costly, especially in the short term due to the lack of critical defence capabilities (Aggestam and Hyde-Price 2019; Barry et al. 2025). Therefore, a 'breakdown' or 'decoupling' scenario seems rather unlikely. On the other hand, European mistrust of the Trump administration and anti-European sentiment within much of the US Republican Party make a 'renewal' scenario based on re-anchoring trust and joint leadership equally unlikely. Therefore, a pragmatic 'muddling through' scenario, driven by the persistence of mutual interests and institutional inertia, appears more likely. This analysis first briefly examines the background of the transatlantic relationship before exploring the current dynamics of adaptation observable in Europe. It concludes by reflecting on the policy implications of the 'muddling through' scenario for the EU.

Underpinnings and evolution of the transatlantic relationship

The grand bargain, underpinning the transatlantic relationship, dates back to the end of the Second World War. In Europe, devastated by the war and facing the growing threat of Soviet expansion, the United States offered security guarantees through the creation of NATO in 1949. This arrangement anchored Western Europe within an American-led security framework, while Europe committed to contributing to institutional efforts towards collective stability. The Alliance was not only a military pact but also a political project to protect liberal democracy and embed US power within a liberal, rules-based order. Simultaneously, the deepening of European integration and post-war reconstruction created markets for American goods and investments, enabling the US economy to benefit from Europe's recovery.

After the collapse of the Soviet Union, NATO's role gradually evolved, adapting first to a broader understanding of security (Buzan et al. 1998) and, secondly, to the resulting transformation of the European security architecture. In addition to traditional military security challenges, other, more multifaceted and transnational security challenges have been identified, including migration, cybercrime, international terrorism, pandemics, climate change, energy security, disinformation campaigns and critical infrastructure vulnerabilities.

In response to these diverse security challenges and the new geopolitical landscape, the European security architecture has also evolved. The Alliance's eastward enlargement brought in former Warsaw Pact countries, symbolizing both the end of Europe's division and the continued relevance of US engagement on the continent. In parallel, the European Union, which also substantially expanded to the East in 2004 and 2007, began to develop its own defence dimension through the Common Security and Defence Policy (CSDP), and associated instruments, policies and institutions. Also, the overlap in membership between these two organizations became significant. In 1995, 11 of the then-15 EU member states were also NATO members. This changed as both organizations expanded eastward. By 2004, following the considerable eastern enlargement, 19 of 25 EU members were NATO allies, out of 26 NATO members. Subsequent enlargements further increased the membership overlap. By 2025, 23 of the 27 EU member states were NATO allies, out of 32 members of NATO.

Despite substantial membership overlap and confronting similar security challenges, the organizations have preserved their distinct identities, reflecting different roles. Over time, a functional division of labour emerged (Hofmann and Sus 2026). NATO retained its central role in collective territorial defence, while the EU played a supporting role, focusing on crisis management, civilian missions, and stabilization efforts in its neighbourhood (Sus & Jankowski, 2024). Subsequent American administrations, while praising the Europeans for taking greater responsibility for their security, have consistently emphasized that any European contributions must occur within the context of the Alliance, not outside it (Carpenter 2018). Madeleine Albright's doctrine of 'three D's' – no duplication, no decoupling and no discrimination – guided NATO–EU relations (Binnendijk et al. 2022; Fiott 2020). Yet both organizations remained closely linked, reflecting their mutual interest in maintaining security and tackling diverse threats and challenges. Decades of shared missions, overlapping membership and policy coordination had created a complex web of interdependencies among European capitals and Washington within NATO.

Still, occasional moments of tension challenged this transatlantic balance. The violent disintegration of Yugoslavia in the early 1990s exposed deep transatlantic divergences over strategy and the use of force, while the Iraq War in 2003 further demonstrated divisions over the legitimacy and purpose of military intervention (Daalder 2000). The Libyan campaign in 2011 revealed disagreements over leadership. In contrast, Russia's full-scale invasion of Ukraine in 2022 signified a return to NATO's fundamental mission of deterrence and defence, fostering renewed unity and coordination among the United States, NATO and the EU. The scarcity of resources and repeated calls from military communities urging Europe to prepare for war, including those from NATO Secretary General Mark Rutte (Rutte 2024), have put organizational commitments and inter-organizational cooperation under scrutiny. During the Biden administration, cooperation between the EU, the United States and NATO was notably close, reflecting a strong commitment to transatlanticism. However, this dynamic shifted following Trump's return to the White House.

'Muddling through' a crisis of confidence

The first term of Donald Trump (January 2017 to January 2021) already complicated the transatlantic relationship by weakening US international commitments, such as withdrawing from the Paris Climate Agreement and the Open Skies Treaty, and rhetorically undermining transatlantic cooperation by questioning the US defence guarantee to NATO allies (Stokes 2018; Aggestam and Hyde-Price 2019; Drezner 2019; Nielsen and Dimitrova 2021). And yet, its core, the transatlantic security commitments, despite discursive weakening, remained intact, partly due to NATO's institutional resilience (Sperling and Webber 2019).

The situation is quite different in 2025. Within the first few weeks at the White House, President Trump has challenged two core principles underpinning NATO's collective defence commitment: the shared perception of threats among member states and the indivisibility of their security. The former is exemplified by the United States' decision to side with Moscow and oppose a UN resolution proposed by the EU countries and Ukraine condemning the Russian invasion of Ukraine, signalling a major shift in its position on the conflict (UN News 2025). The latter is evident in Trump's repeated claims that the United States would not defend allies who, in his view, fail to contribute adequately to defence spending (Birnbaum and Allison 2025; Jacque 2025; Lunday, Traylor, and Kayali, 2025). Furthermore, as

Secretary of Defence Pete Hegseth highlighted, 'strategic realities prevent the United States of America from being primarily focused on the security of Europe' (U.S. Department of War 2025). Apart from the calls to the European allies to spend more on defence, assuming greater European ownership of NATO, an organization designed and sustained over decades to secure American leadership and control, remains a challenge (Habedank et al. 2025). The United States is not only the major military contributor to NATO but also has long required other members to integrate their defence capabilities into its command structure, giving Washington control over their use (Daalder 2025).

The confrontational US stance toward Europe in security issues was reinforced by the imposition of 25% tariffs on steel and aluminium imports from the EU and the announcement of additional universal tariffs (De Lemos Peixoto et al. 2025). Altogether, it has led to a crisis of confidence among European allies. More than 70% of citizens in Germany, the United Kingdom and France viewed America in mid-2025 as an unreliable security guarantor, a sharp decline in confidence, given that in 2024, over 55% considered the United States to be a reliable or somewhat reliable ally (Guyer et al. 2025). The Eurobarometer reports similar findings. Whereas favourable and unfavourable views of the United States across Europe were evenly balanced in 2024 (47% each), by 2025, favourable opinions had declined to 29%, while negative perceptions had risen to 67% (Eurobarometer 2025). The United States is now rated on par with China (Debomy 2025). This deterioration is observable across nearly all EU member states, and is particularly pronounced in countries traditionally considered close partners of the United States, such as Poland. Between March 2023 and April 2025, positive evaluations of Polish–American relations dropped sharply, from 80% to just 31%, a decrease of nearly 50 percentage points (CBOS 2025).

Despite the crisis of confidence, several factors suggest that the most likely future relationship between the United States, the EU, and within NATO will involve functional adaptation and 'muddling through'. These factors include Europe's continued reliance on US security guarantees and the United States' role as one of the major contributors to Ukraine's defence, NATO's institutional resilience, and the fact that 68% of Americans said in July 2025 that US security alliances with Europe benefit the United States (Smeltz and El Baz 2025). The 'muddling through' dynamic relies primarily on three elements. First, European countries have begun to increase defence spending and enhance their defence capabilities. The second, and closely connected, dynamic is the increasing role of the EU in defence issues,

which contributes to a stronger European pillar of NATO. Third, the increasing importance of informal frameworks enhances the flexibility of security cooperation, enabling the circumvention of formal organizations such as the EU and NATO. The following paragraphs briefly discuss these three dynamics.

Money, money, money...

The Russian war in Ukraine, coupled with the rhetoric of the Trump administration, pushed the European countries to significantly increase defence spending and take steps towards greater defence preparedness. In 2024, total defence expenditure across the EU's 27 member states reached €343 billion, marking a record 19% rise compared to the previous year. Defence spending grew from 1.6% of GDP in 2023 to 1.9% in 2024. Additionally, defence investment exceeded €100 billion in 2024, representing the highest share in the EU's history – 31% of total expenditure. Projections for 2025 indicate that total defence expenditure will increase further to €381 billion, representing 2.1% of GDP and exceeding the 2% threshold for the first time (European Defence Agency, 2025). The rise in defence spending continues to reflect geographical proximity to perceived threats: the closer a country is to Russia, the higher its military expenditure, with Poland reaching 4.7% of GDP in 2025 (Evans et al. 2025; Sus 2025).

In June 2025, at the NATO summit, its members agreed on a new target of 5% of GDP by 2035, including at least 3.5% for core military capabilities and up to 1.5% for security-related investment (NATO 2025). To meet this goal, Europe's largest economy, Germany, amended its constitutional debt brake, exempting defence spending above 1% of GDP from the borrowing cap and creating a €500 billion extras fund for infrastructure and security investment (Zettelmeyer 2025). Berlin estimates for 2025 show defence spending rising from about €95 billion in 2025 to €162 billion by 2029, reaching roughly 3.5% of GDP. If this is to be implemented, the German military would undergo a historic build-up, significantly enhancing its capabilities.

European leaders' decisions to increase defence spending and enhance military capabilities can be viewed as a mechanism of functional adaptation to the weakening of the US security umbrella. Nevertheless, Europe has much to catch up on regarding its defence preparedness, and developing it will be a process that requires not only some level of American commitment to supply Europeans with the still-missing capabilities along the way but also strong societal support. And this will

likely be the main challenge for European leaders, potentially complicating functional adaptation (Popescu and Buldioski 2025). Fiscal constraints and domestic political dynamics make the situation highly volatile, and European governments face difficult trade-offs between competing public spending needs and deficit limits, which complicates sustained increases in defence budgets (Dorn et al., 2024). Also, defence policy is increasingly subject to politicization. For example, left-wing parties in Spain oppose substantial budget increases, making it impossible for Prime Minister Pedro Sanches to accept the new 5% target (Landauro et al. 2025). In turn, right-wing and populist parties in the Netherlands, the Czech Republic, Slovakia and Austria also express resistance toward high defence expenditures (Greilinger 2025; Minder 2025; Silenska 2025). European societies, accustomed to living without immediate military threats and relying on US security guarantees, are struggling to adjust to the new security reality.

EU stepping in

Another mechanism of functional adaptation to the new transatlantic reality is the newly found role of the EU, particularly the European Commission, in defence and security, which can help strengthen the European pillar of NATO. To support member states in meeting the financial targets and in spending money effectively, without further increasing the already high fragmentation of the European defence market (Mueller, 2025), the Commission decided to draw on its regulatory and fiscal instruments. Among the various proposals (European Commission, 2025a; European Commission and European External Action Service, 2025), two instruments stand out. The first is the SAFE mechanism – Security Action for Europe, included in the European Defence Industrial Strategy (European Commission, 2024), which shall provide up to €150 billion in loans to member states for investments in defence capabilities (European Commission, 2025b). It aims to facilitate joint procurement and strengthen the resilience of the European defence technological and industrial base. The second is the fiscal flexibility for defence investments introduced under the revised Economic Governance Framework, allowing temporary deviations from budgetary targets for security-related expenditures. As of mid-2025, 15 member states have requested activation of this flexibility clause (Council of the European Union, 2025).

Also, until the end of 2025, member states are invited to form small groups or coalitions and propose flagship projects addressing key European security concerns.

These initiatives are to be financed through a hybrid funding model combining EU-level instruments. The European Commission has provided suggestions, focusing primarily on drones and air defence. Yet, the selection of priority areas rests with the member states, reflecting their preference for a bottom-up, capability-driven approach rather than Commission-defined programmes (European Council 2025).

Together, these initiatives signal a shift in EU economic governance and defence industrial policy, recognizing that credible collective defence requires both coordination and fiscal space for sustained investment. In this sense, the EU's initiatives complement national efforts by providing fiscal instruments and enhancing the overall effectiveness of measures to strengthen European defence capabilities. Importantly, EU action remains complementary to NATO, as the EU's official documents consistently underline, describing the Alliance as 'the foundation of collective defence for its members' (European Council 2025). There are no indications, nor does the EU's legal framework permit it, that the Union could take on this role or replace NATO (Clapp 2025).

Issue-specific cooperation practices

The third dynamic in Europe's evolving security landscape that speaks to the 'muddling through' scenario is the growing significance of informal cooperation frameworks that operate alongside, yet outside, the formal institutional structures of the EU and NATO (Amadio Viceré and Sus 2025). Like-minded European states initiate these formats and bring together countries, often including key non-EU NATO members. They are increasingly seen as flexible solutions for addressing regional- and issue-specific security concerns. While they complement the work of formal organizations, these informal frameworks also signal a broader trend toward flexible, coalition-based cooperation. They reflect the sense of urgency among Europeans caused by the Russian war in Ukraine, responses to which sometimes cannot be constrained by lengthy bureaucratic processes and veto rights inherent to procedures of formal organizations. These formats also serve as an additional adaptation mechanism for Europe's strategic posture, where differing threat perceptions between the United States and other allies may hamper formal cooperation within NATO.

The most illustrative example of such informal grouping is the Coalition of the Willing for Ukraine, which was officially launched in March 2025 during a London summit hosted by the United Kingdom and France, following preparatory meetings

in Paris in mid-February 2025. The initiative brings together 35 European states committed to providing long-term support and security guarantees to Ukraine in the event of a ceasefire or peace settlement with Russia (van Rij 2025). As of October 2025, 26 participating countries had committed to contributing elements of a 'reassurance force' to Ukraine in the post-conflict phase, including air and naval components (Karlund and Reykers 2025). Despite the United States being informed and consulted on the plans, the coalition leaders explicitly emphasize that Europe must 'do the heavy lifting' itself (Tidey 2025). Nevertheless, if Washington were to seek involvement, the flexible participation mechanisms of such informal formats would enable it to do so.

This initiative illustrates that Europe is increasingly assuming leadership, rather than waiting for US direction or on NATO's centralized command structures. Also, Canada's involvement indicates that Europe is seeking ways to keep like-minded NATO countries on board. At the same time, such informal groups, despite their flexibility, cannot replace formal organizations because they are inherently short term and issue-specific, making them unsuitable for sustained cooperation or for addressing a broad range of security challenges.

Conclusions

Europe is now 'staring at the beginning of a new post-American age' (Bergmann 2025, 1) and must begin to provide for its own security. As the analysis shows, this process will most likely not constitute a rupture but rather a functional adaptation. Europe is gradually improving its capacity to project power, coordinate resources and combine defence capabilities across national and supranational levels, with leadership increasingly exercised through informal groups. While significant investment in defence, both in budgets and targeted industrial funding, is essential, these flexible coalitions enable like-minded states to take the initiative and respond to emerging threats without American leadership. Cooperation with the United States persists, particularly in areas of immediate military deterrence, including the nuclear dimension, but the unpredictability of the Trump administration, combined with its hostile rhetoric towards Europe and underlying divergences in threat perception, complicates the transatlantic balance.

Public opinion underscores this dynamic. The decline in trust toward the United States as a reliable security guarantor, coupled with strong support for a robust European role in defence – in April 2025, 81% of EU citizens supported a

common defence and security policy among EU member states, illustrating the highest level of support since 2004 (Eurobarometer, 2025), signals that European populations increasingly expect their governments to enhance capabilities and ensure operational readiness independently of Washington. This process will not be easy and will likely unfold in an uneven pattern of 'muddling through', constrained by divergent national priorities, fiscal and political pressures and Europe's continued reliance on US military enablers for the next decade and on nuclear deterrence.

In terms of policy implications, this analysis highlights three issues that the European Union should prioritize to manage the collective 'muddling through'. First, it should continue to provide member states with fiscal and regulatory instruments to bolster their defence industries, thereby contributing to the development of the European Defence Industrial Base. By doing so, the EU should also tighten cooperation with like-minded partners such as Ukraine, the UK, Norway and Switzerland, without which a credible European defence ecosystem is not possible (Chappell et al. 2025).

Second, it should take decisive action on the frozen Russian assets to ensure consistent and swift support for Ukraine. Given the fiscal constraints many EU countries face, it may be the only long-term solution to provide Ukraine with the support it needs to counter Russian warfare.

Third, and perhaps most importantly, the EU needs to develop a new narrative that demonstrates both its capacity to act and its willingness to defend its freedom and way of life. Despite internal divisions and populist threats, the Hungarian veto and differences in threat perception across the 27, the EU remains the most successful integration project in the world, providing its citizens with stability and economic security. And the way the EU has acted in reaction to the full-scale invasion – united and determined, surprised many. At the same time, the ongoing issue of poor communication fails to effectively convey to both its citizens and the outside world that the EU is resilient and capable. This narrative is a key success factor in managing the 'muddling through' scenario and ensuring that, even in the event of a 'decoupling' scenario, the EU remains prepared.

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CHAPTER 3

EU–US–China Security Relations

Reuben Wong*
Department of Political Science, National University of Singapore, Republic of Singapore

Abstract

This chapter examines the prospects for European Union (EU)–United States (US) security cooperation in relation to China. I argue that since the 2005 melee over European arms sales to China and amidst rising US–China rivalry, Washington's ability to coordinate security cooperation with European capitals on China has been declining. China's rising trade power, the decline of shared liberal norms/transatlantic trust, and key EU states' preference for maintaining privileged relationships with China are key factors that militate against effective US–EU coordination on China. Russian aggression in Ukraine has complicated the picture. Beijing has not outrightly supported Moscow, but neither has it joined the Western-led sanctions nor condemned the Russian action as a violation of international law. The EU has begun to see China not only as a partner, but also as a competitor and 'systemic rival'. But its long-term view of China and its approach to Beijing remain more sanguine than Washington's.

Keywords: *China; security; trade; climate change; transatlantic relations; United States*

* polwongr@nus.edu.sg

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Introduction

The need for better transatlantic dialogue and coordination on China has been recognized since at least 2001, when China joined the World Trade Organization (WTO). In that year, there were serious and escalating tensions in Sino–American as well as in United States–European relations, both before and after the 9/11 terrorist attacks.

As participants in a year-long dialogue sponsored by two think tanks – the Stimson Center in Washington, D.C. and the German Council on Foreign Relations (DGAP) in Berlin – observed in 2003:

> China's ascendance on the world stage would signal a major shift in the global political, economic, and security environment. The project assumed further that the ability of the United States and Europe to deal effectively with the challenges associated with China's rise could have far-reaching consequences both for transatlantic relations and for the effective management of China's global emergence (Stimson Center 2003).

When that project first started, Washington's China policy under the George W. Bush administration was deeply contested, and the future of Sino–American relations appeared highly uncertain – especially after incidents such as the April 2001 crash-landing of a US surveillance aircraft on Hainan Island. Only a few years later, tensions flared across the Atlantic when France, Germany, and the United Kingdom proposed lifting the European Union's (EU) arms embargo on China, shortly after Brussels and Beijing declared a 'strategic partnership' in 2003 (Casarini 2007; Shambaugh 2006).

Fast forward to 2025, and the EU and the United States again find themselves challenged in coordinating China policy. Issues confounding these attempts include Russia's full-fledged invasion of Ukraine in February 2022, US attempts to slow down China's rise in the economic, military, financial and artificial intelligence fields, President Trump's vacillations on supporting Ukraine and pressuring Russia when he assumed his second term in 2025 and the challenges faced by Europeans and Americans in switching from fossil fuels to sustainable energy.

This chapter shows how the EU and the United States have been 'muddling through' in terms of China policy and suggests how they could work together (and with China) more effectively in three major areas: security, trade and climate change.

Security convergence under strain

The war in Ukraine has fundamentally reshaped Europe's threat perceptions and its approach to China. While the European Commission's 2019 Strategic Outlook had already captured the growing ambivalence in Europe's China policy – defining Beijing simultaneously as a cooperation partner, an economic competitor, and a systemic rival – China's ambiguous stance towards Russia since February 2022 has deepened European mistrust. China has not condemned Russia for its military actions, although it has not recognized Russia's annexations either (Ministry of Foreign Affairs of the People's Republic of China 2022). Moreover, Beijing has echoed Moscow's attribution of the war to NATO expansion and Western provocations (Ministry of Foreign Affairs of the People's Republic of China 2023). The appointment in early 2025 of Lu Shaye, a former 'wolf warrior' diplomat portrayed by many Western sources as China's special representative for European affairs, further fuelled perceptions of a more assertive Chinese posture and sent ripples of unease across European capitals (Foy and Leahy 2025).

Over time, European attitudes towards China have become increasingly aligned with Washington's assessment: China is now viewed not merely as a systemic rival, but increasingly as a geopolitical actor whose support for Russia undermines European security. In certain respects, the EU's criticism went further than Washington's, labelling China 'a key enabler of Russia's war' (EEAS 2025). The overwhelming rhetorical shift suggests that a return to the earlier accommodationist approach toward Beijing is unlikely (Czin et al. 2025).

The war has simultaneously revitalized the transatlantic security bond, bringing the EU and the United States closer on a range of security agendas, including regional stability in the Indo–Pacific. Key European security advocates such as France, the UK, and Poland have begun linking the development of European security to the credibility of deterrence in Asia, arguing that a Russian victory in Ukraine would embolden Chinese coercion against Taiwan (Matamis 2025). Meanwhile, Washington's strategic reorientation toward the Indo–Pacific has encouraged Europe to assume a greater security role in the region. Europe's growing engagement thus serves as both a gesture of solidarity and a means of easing US pressure on burden-sharing (Abbondanza 2025).

Despite shared threat perceptions, a central challenge to EU–US coordination is the divergent approaches to a peace settlement in the Ukraine conflict. The second

Trump administration prioritizes immediate military containment of Russia and deterrence of further aggression, while European governments emphasize the need for a sustainable post-war security order in Europe. To bridge this divergence, Europe has sought to multitask – combining short-term endorsement of Washington's goals of ceasefire and containment with a long-term vision of peace underpinned by robust guarantees for Kyiv (Sabbagh 2025).

This recalibration has produced a wave of European security initiatives aimed at complementing – if not hedging against – American dominance in Ukraine's defence and reconstruction. Proposals include an expanded Franco–British Combined Joint Expeditionary Force (Lagneau 2025), a European Reassurance Force for Ukraine under EU auspices (Barry et al. 2025), and a 'coalition of the willing' designed to provide training, logistics, and defence support to Ukrainian forces (Atlantic Council 2025). Together, these efforts signal Europe's intent to play a more autonomous yet compatible security role.

However, the credibility of these initiatives still hinges on US participation. Trump's campaign pledge to 'radically reorient' America's security commitments in Europe has injected deep uncertainty into European planning (Hirsh, 2024). France and the UK have sought formal US endorsement of their coalition frameworks, but Washington has so far limited itself to ad hoc assistance without long-term guarantees (Gatinois and Ricard 2025). European structural dependence on US defence systems has exacerbated the strategic dilemma. Despite the EU's initiatives to strengthen its defence industrial base – through the European Defence Fund (EDF) and Permanent Structured Cooperation (PESCO) – the reality of procurement remains deeply transatlantic. US-made platforms such as the F–35 fighter jet, HIMARS rocket launchers, and Patriot missile systems form the core of Europe's military capability, with only France remaining a partial exception due to its robust domestic industry and nuclear deterrent (Clark 2025).

Ultimately, the coherence of the transatlantic partnership – and its alignment on China – will largely hinge on the resolution of the Ukraine question. The US ambiguity over Ukraine in transatlantic security cooperation will further limit Europe's ability to turn its strategic ambition into tangible security capacity. By extension, a frozen Ukraine conflict would only limit Europe's ability to act autonomously in shaping security relations and sustain a coherent approach with Washington toward Beijing.

Economic security amid geopolitical tensions

As economic interdependence and sovereignty have become increasingly securitized amid heightened geopolitical tensions, the transatlantic cooperation on China has been complicated by oscillations between economic pragmatism and security anxiety. Shared concerns in Brussels and Washington over China's industrial overcapacity, non-reciprocal subsidies, and strategic dependencies have fostered a growing consensus that the previous liberal approach to engagement with Beijing is no longer tenable. Yet the absence of meaningful de-escalatory gestures among the three powers has reinforced the perception that expectations of 'reciprocal openness' were illusory.

It is notable that both the EU–China and the US–China trade dialogues have largely stagnated. Despite high expectations, the 25th EU–China Summit in mid-2025 produced little beyond diplomatic courtesies and a joint statement on climate cooperation (European Council 2025). Flagship initiatives such as the Comprehensive Agreement on Investment (CAI), frozen since 2021, remain stalled. While both sides publicly reaffirmed their willingness to re-engage, neither was prepared to make concessions on core issues – technology transfers, market access or export controls. A similar stalemate characterizes US–China negotiations: the 19 September 2025 phone call between President Trump and President Xi yielded only tentative progress on a possible TikTok divestment deal, without breakthroughs on tariffs or semiconductor restrictions (Froman 2025).

Europe's unrelenting trade policy toward China contrasts with its tactical realignment with Washington's strategic calculus. On 27 July 2025, the United States and the EU reached a long-awaited trade arrangement that removed tariffs on selected sectors – steel, aluminium, copper, pharmaceuticals, and semiconductors (European Commission 2025b). A follow-up EU–US Joint Statement on 21 August 2025 further institutionalized this rapprochement, declaring that the accord reflected the parties' 'joint determination to resolve our trade imbalances and unleash the full potential of our combined economic power' (European Commission 2025a).

The reconciliation between Brussels and Washington at least represented a symbolic re-assertion of the transatlantic partnership as an economic bloc in its own right, responding to the perceived expansion of Chinese economic influence. Nevertheless, the goodwill shown in managing trade conflicts was, to some extent,

met with scepticism on the European side. Some European observers dismissed it as an attempt to 'please Washington' in exchange for US leniency in ongoing tariff negotiations (Zimmermann 2025), while others regarded it as an act of humiliation at the hands of the Americans (Liboreiro 2025).

Beijing, for its part, has not remained passive amid this realignment. In the wake of renewed US tariffs on Indo–Pacific economies, China launched an extensive diplomatic and economic outreach campaign in April 2025. President Xi's state visits to Vietnam, Malaysia, and Cambodia resulted in 108 bilateral agreements covering infrastructure, energy, and digital connectivity (Xinhua 2025). This 'charm offensive' sought to consolidate China's centrality in Asian supply chains, project an image of reliability, and strengthen the traditional ties of 'comrades and brothers' (Ministry of Foreign Affairs of the People's Republic of China 2025) amid Western protectionism.

The timing of President Xi's visits was telling. As transatlantic coordination intensified, Beijing deepened ties in the Indo–Pacific to demonstrate that US and European containment efforts could be offset by diversifying trade partnerships. Moreover, China's message to Europe was implicit but marked: as Washington weaponizes tariffs and reshapes global industrial networks, Beijing offers stability and continued market access. In this sense, China's global outreach not only counterbalances US pressure but also exploits latent divisions within Europe. It also amplifies the perception in the region that excessive alignment with Washington might limit the EU's self-image as an autonomous 'regulatory superpower'.

However, the deeply intertwined trade relations between Europe and China continue to hinder the formation of an effective 'economic front' of the United States and Europe against China. China remains among the EU's largest trading partners, accounting for over one-fifth of total EU imports (21.3%) and ranking as the third-largest export destination for EU goods exports (8.3%) in 2024 (Eurostat 2025). Conversely, Europe supplies China with advanced technology, investment and critical know-how that remains difficult to replicate domestically.

This dense network of supply-chain linkages creates a paradox. While Europe perceives China as a systemic rival, its prosperity still depends on a degree of mutual engagement that cannot easily be replaced. Hence, Brussels' preference for 'de-risking' over Washington's 'decoupling', a rhetorical distinction that signals strategic caution, economic pragmatism and fear of retaliatory Chinese measures

against key European sectors.

A further obstacle to coherent transatlantic trade alignment is the volatility of US policy toward China under the Trump administration. Trump's oscillation between confrontational and transactional stances has created confusion among allies and adversaries alike (Besch and Varma 2025). The unpredictability has greatly constrained the EU's room for manoeuvre in terms of formulating a consistent tone on China. This ambivalence was evident in the shift in tone of European Commission President Ursula von der Leyen between her stark warning at the June 2025 Summit of the Group of 7 (G7) nations about a new 'China shock' and her notably softer UN General Assembly speech three months later, urging Beijing to 'use its influence to help bring an end to the killing' in Ukraine (Bermingham 2025).

Inconsistencies also persist within the EU. The July 2025 trade deal was hailed in Washington as evidence of Western solidarity, but reactions in Europe were muted. France and Germany in particular voiced concern that tariff eliminations in sensitive sectors could disproportionately favour the United States at the expense of European producers (Atkinson and Gozzi 2025). This internal fragmentation may risk weakening the EU's collective leverage, allowing both Beijing and Washington to question Europe's autonomy to design its own industrial strategy.

Trade thus illustrates both the progress and the limits of the transatlantic rapprochement on China. The post-Ukraine geopolitical environment has encouraged unprecedented coordination between Brussels and Washington in confronting Chinese overcapacity and industrial distortions. Yet the underlying structure of global interdependence, Europe's internal heterogeneity, and Beijing's adept diplomatic counter-moves continue to prevent the formation of a fully unified economic front.

Climate security as fragmented fronts

The climate and green transition agendas expose one of the most irreconcilable dimensions of transatlantic cooperation on China. Beyond the deep supply-chain interdependence, both the EU and China share a devoted commitment to multilateralism and global climate action. By contrast, the Trump administration's return to office has brought renewed scepticism toward green energy transitions and multilateral environmental governance. Trump's statements dismissing

renewable energy as a 'scam' stand in sharp contrast to China's increasing diplomatic and industrial commitment to green growth (Schonhardt 2025).

The revival of climate scepticism from the other side of the Atlantic has provoked unease within the transatlantic partnership. The tendency to compromise with the United States on the climate agenda has already sparked intense backlash across Europe. For instance, Brussels' promise to purchase more US fossil fuels in exchange for a trade truce has been widely criticized in Europe as detrimental to the EU's environmental leadership (Diab 2025). In contrast, Beijing has seized the opportunity to cast itself as a leader in global climate governance. Chinese officials have repeatedly emphasized the country's adherence to the Paris goals and its massive investments in renewable energy and green infrastructure (Ministry of Ecology and Environment of the People's Republic of China 2024). The diplomatic discourse is powerful in portraying China as a responsible stakeholder at a moment when multilateralism seems to be retreating.

Indeed, even as political frictions intensify in other domains, the EU and China – both claiming leadership in promoting global sustainable development – have deepened cooperation in green industries and technologies. After several years of decline following the pandemic and the tightening of investment screening mechanisms, Chinese foreign direct investment (FDI) in the EU and the United Kingdom rebounded strongly in 2024, reaching approximately €10 billion, the first significant recovery since 2016 (Kratz et al. 2025). This resurgence was driven primarily by greenfield investments in electric vehicles (EVs), battery technologies and related areas.

Beyond financial flows, the deepening green industrial integration between European and Chinese firms is reshaping the clean-tech value chain. EV manufacturing provides a prime example of a synergistic 'European car tech + Chinese battery' model of cooperation. When the Chinese battery manufacturer and technology company CATL established its first global EV battery plant in Thuringia, Germany, in 2019, BMW followed five years later with a new investment worth 20 billion yuan in its Shenyang production base in Northeast China's Liaoning province (Yong et al. 2024). Other European brands – Citroën, MG Motors, Smart, Volvo and Volkswagen – are expanding assembly lines across China, from Shijiazhuang to Ningbo and Chengdu (Colaluce 2024). This investment reflects a pattern of complementarity rather than substitution. While China has developed comparative advantages in battery chemistry and smart software systems,

Europe retains strengths in traditional vehicle design and power systems (Tagliapietra et al. 2025).

Hence, unlike the security and trade domains where transatlantic coordination has visibly strengthened, the climate sphere presents an area of divergence within the transatlantic alliance. In this evolving configuration, transatlantic unity on climate change mitigation remains elusive, leaving many European officials looking for constructive interlocutors in Beijing rather than in Washington. Europe and China share normative commitments to greener growth; these shared norms offer opportunities for both sides to work bilaterally and at multilateral fora to promote climate justice on a global level.

Recalibrating Europe's strategic balance

Viewed through a security lens, Europe and the United States are largely muddling through their transatlantic relationship vis-à-vis China. The challenge extends beyond traditional military coordination to encompass economic and climate security. In practice, Europe finds itself caught between two competing imperatives: the transatlantic relationship remains existential, while the relationship with China is instrumental. Managing this asymmetry is now the fundamental test of European foreign policy.

To work more effectively with Washington, Brussels must rethink the transatlantic bargain and resist the temptation to appease the United States at the expense of its own interests – whether in security, trade or climate governance. A sustainable partnership must rest on reciprocity and mutual respect, rather than one-sided alignment. By investing in its defence capabilities and industrial base, Europe can emerge as a stronger and more credible partner within the alliance – capable of meeting US expectations on burden-sharing while retaining strategic autonomy in foreign policy. This strengthening would bolster Washington's trust in Europe's reliability, without locking Brussels into strategic dependency.

At the institutional level, the EU should also reinforce the mechanisms that underpin transatlantic coordination – through NATO, Strategic Compass, the EU–US Trade and Technology Council, G7 frameworks and joint working groups on export controls, energy transition and emerging technologies. Such instruments can help stabilize the partnership beyond leadership cycles and confine political volatility in institutionalized ties.

Concerning China, a stable and constructive EU–China relationship continues to hold significant strategic value in the long run. It offers not only opportunities for economic complementarity and shared leadership on global agendas, but also joint contributions to global growth and sustainable development. In this sense, both sides should avoid allowing the relationship to deteriorate into a purely ideological or zero-sum confrontation. Rather, they should pursue a pragmatic, interest-based engagement, addressing unfair economic practices where necessary while keeping diplomatic channels open to manage areas of mutual benefit.

Ultimately, the EU's core challenge is to avoid becoming a passive object in great-power competition, whether it involves US–Russia or US–China relations. To navigate the US–China rivalry, Brussels should refrain from mechanically aligning with American containment logic and instead pursue a balanced, autonomous strategy, using diplomacy to de-escalate tensions and safeguard its own room for manoeuvre between Washington and Beijing. To that end, Europe must diversify its global partnerships, deepening relations with like-minded economies. This diversification would broaden Europe's strategic options and reduce its exposure to external pressure from either superpower. At the same time, as a normative power, the EU should continue to anchor its external action in international law, multilateral institutions and global norms to constrain great-power behaviour and reinforce the rule-based order. This approach would not only reaffirm Europe's identity as a civilian power but also grant it moral and political authority in managing the triangular relationship between the United States and China.

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CHAPTER 4

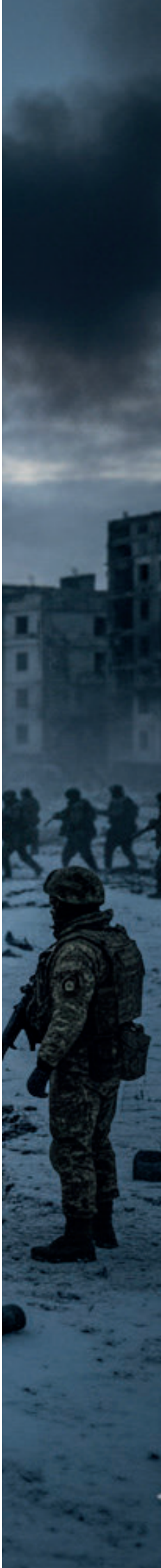
The Russia–Ukraine War and Transatlantic Relations

Jost-Henrik Morgenstern-Pomorski[1] and Karolina Pomorska[2]
Taube Centre for Advanced Studies in the Social Sciences, Jagiellonian University, Kraków, Poland[1]
Institute of Political Science, Leiden University, Leiden[2]

Abstract

This chapter considers transatlantic relations from the perspective of allies' cooperation in response to Russia's aggression against Ukraine in 2022. After providing a contextual background, we consider three scenarios for cooperation: transatlantic disintegration, muddling through and moving forward. Regardless of which of them comes true, however, policy implications point to very similar steps that the European Union (EU) needs to undertake.

Keywords: *transatlantic relations; Russia; Ukraine; war; European Union (EU); European security*



1. jost.morgenstern.pomorski@uj.edu.pl
2. k.m.pomorska@fsw.leidenuniv.nl

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Introduction

As early as autumn 2021, in the year before the actual event, the Biden administration started publicly warning Europeans about the possibility of a Russian invasion of Ukraine, when US intelligence reports about extensive Russian military exercises became known. The transatlantic relationship was put to the test: to what extent were the Europeans ready to heed the American warnings? And how much unity would there be between the allies after the change of administration and the return of Trump to power as an example of a populist leader aiming to realign foreign and security policy?

Scholarship on populist foreign policy tells us that a standout feature of this type of politics is a shift in the practice of foreign policymaking rather than necessarily the policy content itself. Scholars have been writing about a phenomenon of 'unpolitics' and the destructive elements of populist foreign policy (Taggart 2018; Zaun and Ripoll Servent 2023; Juncos and Pomorska 2025). Destradi et al. (2021, 668) also showed that populists in power would often resort to foreign policy behaviours such as 'the public use of undiplomatic language, the employment of social media for foreign policy communications, or the emphasis on personal bonds between world leaders'. Yet, there are some common threads, such as perceiving globalization as a threat and wanting to counter it with national preferences (Liang 2016, 8), which can be observed in MAGA's 'America First' policies.

In this chapter we first look at the context of the transatlantic relations when it comes to policy towards Russia and the full-scale invasion of mainland Ukraine in 2022. We then specifically discuss what changed with the arrival of the second Trump administration. Consequently, we consider three scenarios for the future of transatlantic relations: transatlantic disintegration, muddling through and moving forward. Regardless of which of them comes true, however, policy implications point to very similar steps that the European Union (EU) needs to undertake.

From build-up to U-turn? US presidents and their response to the war

US policy towards Russia has undergone substantial shifts over the course of recent administrations' terms in office. Obama's reset towards Russia since 2009 aimed at increased cooperation with Putin, but suffered a fatal blow after the 2014

annexation of Crimea. In the aftermath, the transatlantic allies coordinated sanctions policies and increased overall military assistance to Ukraine. However, the Obama administration still refused to deliver lethal weapons to Ukraine. The reason cited at the time was to avoid a potential escalation of the war that might provoke Russia into a greater confrontation with Ukraine and potentially NATO. This cautious approach was not to be rewarded in the years to come. Meanwhile, the EU remained divided, largely unable to present a unified front against Putin due to differences in threat perception and economic interests. This hesitancy changed somewhat in 2014 and more noticeably, after the aggression in 2022.

The Biden administration's handling of Russia's full-scale invasion

From October 2021, the Biden administration held monthly intelligence briefings related to Russia's possible attack on Ukraine and in February 2022, the U.S. State Department warned American citizens to leave the country urgently. The same month, Secretary of State Anthony Blinken held a widely-reported phone call with European leaders, warning about Russian troops amassing close to the Ukrainian border, which created a real and imminent threat of invasion (BBC 2022a). However, still not all European allies were ready to heed Washington's warnings. The EU's high representative for foreign and security policy, Josep Borrell, later stated that some things that happened were a surprise: 'We did not believe that the war was coming. I have to recognise that here, in Brussels. The Americans were telling us "They will attack, they will attack" and we were quite reluctant to believe it' (Borrell 2022). But even within the EU member states, there were divisions, with Eastern European states also issuing strong warnings ahead of the Americans.

Biden's response to the war was rooted in strong support for Ukraine while imposing extensive sanctions on Russia. The United States cooperated closely with the European Commission and, later, with member states to harmonize sanctions. Biden also secured both financial aid for the military and weapons for Ukraine to help it defend against Russian incursions into its territory. From the start of the war, Biden and his officials also worked to unify NATO and build a global alliance in support of Ukraine. They publicly condemned Putin and labelled him a war criminal (BBC 2022b) and openly expressed support for Ukraine 'for as long as it takes' (Lopez 2024).

Trump's return to the White House

The election of Donald Trump as the 47th US president in late 2024 triggered much anxiety and hand-wringing on the other side of the Atlantic. Several European leaders, such as French President Macron and Polish Prime Minister Donald Tusk, publicly expressed concerns about the continuity of American policy towards the war in light of the change in administration. These concerns were most closely linked to the perceived unpredictability of President Trump and his ambiguous commitment to NATO. Indeed, shortly after taking office, Trump called for an immediate ceasefire that would likely have entailed significant territorial concessions by Ukraine. He has also taken a much more critical, if not outright hostile, stance towards President Zelenskyy and even briefly suspended US intelligence and military aid in March, blaming the Ukrainian president for not being sufficiently committed to peace negotiations. This approach to Ukraine has highlighted a more transactionalist approach by the new administration, culminating in an orchestrated public attempt to humiliate President Zelenskyy at a meeting in the Oval Office on 18 August 2025 by Trump and his vice president, JD Vance. At the same time, Trump broke with the (Western) international isolation of Putin by inviting him to attend a summit in Alaska in August 2025. Another change in US discourse was the repeated assigning of blame for the war to the Ukrainian side. The Alaska summit, however, proved to be ineffective in jumpstarting a resolution to the war and was effectively cut short due to Putin's intransigence and maximalist demands. The European allies, including the United Kingdom, responded with increased support for Zelenskyy and intensified consultations about the need for strategic autonomy for the EU (Ossa 2025; Desmaele 2025)

US policy took another turn towards the end of 2025 when Trump suddenly came out in support of greater military aid to Ukraine, including potential offers of Patriot missiles. He also introduced new sanctions against Russia. American policy also included a transatlantic dimension of populism, manifested in the increased salience of the relationship between Donald Trump and Viktor Orbán, whom the American president called a 'great leader' and who is liked and respected (Hutzler 2025). This relationship is significant considering that Hungary is often judged a 'troublemaker' in the EU when it comes to the relations with Ukraine and delivering aid. A significant challenge for Europeans is also Trump's and his associates' backing for radical-right parties that seek to weaken the EU (Lehne 2025).

Three scenarios for transatlantic relations and the Russia-Ukraine War

In line with the framework of the report, we now move to discuss the different scenarios for the future of transatlantic relations in the context of the war. While we develop these three scenarios on an equal footing, this does not imply that all scenarios are equally likely to occur in our estimation. As part of our final discussion, we specifically address the perceived likelihood and discuss reasons for this assessment.

First scenario: Transatlantic disintegration

The first scenario is a breakdown of the transatlantic relationship. It is a realistic, but worst-case, scenario for transatlantic relations regarding the Russia–Ukraine war, one that is more likely to unfold than many Europeans would care to imagine. It is clear from domestic US politics that the majority of Republican officeholders and the public support Ukraine in its defence against Russian aggression (Pew Research 2025). Nevertheless, key actors in the Trump administration and various strands of his domestic base of support disagree on whether to maintain or expand military aid to Ukraine, even as public opinion is shifting in favour of Ukraine. The most radical factions in the MAGA movement have frequently echoed Russian misinformation, turned responsibility for the war on its head (accusing Ukraine's President Zelenskyy of being a warmonger), and demanded that US budgetary commitments be spent domestically. These signs were visible even before the administration took office, leading an influential European think-tank to issue a warning to 'prepare for the worst' (Tagarev 2024). Trump himself has become more contradictory, and in autumn 2025 even appeared willing to support Ukraine more forcefully, for example by expanding supplies of antimissile materiel, but not long-range missile exports. His administration has recently imposed sanctions on the main Russian oil businesses, suggesting a sudden shift that prompted some analysts to speak of 'whiplash' (Whitman and Wolff 2025).

Nevertheless, a scenario in which the radical faction pushing for peace on Russian terms gains domestic momentum could lead Trump to abandon Ukraine. If US military supplies to Ukraine were to cease, European supply chains would not be able to make up for the shortfall, at least in the short term. This shortfall would persist even if the limited willingness to provide additional capabilities of European

partners were to suddenly be overcome (Helwig 2023). A complete withdrawal of US troops and support to Europe would, according to Cladi, be the strongest incentive for European 'strategic autonomy' (2025, 6), even if it would not immediately change the EU's capability to exert hard power (Smith et al. 2025). It would likely require institutional changes that would push the EU further down the path towards acquiring state-like characteristics (Morgenstern-Pomorski 2024). The cessation of American assistance to Ukraine would result in a peace that would favour Putin's Russia by solidifying Russian control of Ukrainian territory, allowing Russia to rebuild its military and continue its aggression in Ukraine or elsewhere with an even more strongly embedded authoritarian regime. Europe would have to engage considerable resources into containing Russia's incursions into and sabotage in its airspace and territorial waters, and even in the mainland of the EU's member states (Walker and Krupa 2025), Russian political manipulation on the domestic European level, as well as balancing international efforts at alliance building by the Russian Federation in other parts of the world. Future threats to the EU's security were already raised by several politicians, including Danish Prime Minister Frederiksen (Parker and Kirby 2025) and European Commissioner for Defence Andrius Kubilius.

Second scenario: Muddling through

In this scenario, the United States muddles through, preserving an ambivalent posture toward the alliance. Its support for Europe and Ukraine is increasingly shaped by the rapid swings of the domestic political cycle: one week, the president appears to signal sympathy for Putin by meeting him in Alaska (Dunn 2025) or by publicly attacking Zelenskyy, and the next, he recommits to Ukraine by approving further military assistance or imposing new sanctions on Russia (Debusmann, Matza, and Aikman 2025). This pattern extends to halting arms shipments only to release them later, or floating the possibility of supplying long-range missiles to Ukraine without ultimately following through (Debusmann and Sudworth 2025). In such a volatile environment—marked by fluctuating political views and eroding institutional norms—muddling through requires European partners to adapt quickly to shifting US positions while pursuing long-term objectives with a constantly changing coalition of willing states. Divergent US views on European strategic autonomy (Ossa 2025) also create openings for European governments to manoeuvre.

Muddling through is, in some ways, the EU's modus operandi (Missiroli and Rhinard 2007, Amato et al. 2013, Moravcsik 2016, Schumacher 2020), but quick and effective policy change is not a given. This is particularly true, given that the EU's member states themselves alternate between liberal democratic and populist governance. This scenario will leave many pressing policy issues unresolved, contributing to future crisis points. Besch and Varma (2025) point out that transatlantic collaboration could also take the form of revisionist cooperation, even if that would, at this moment, require overcoming a dominant majority of pragmatic governments on the European side. In security policy, this scenario is characterized by mainly national responses to regional and global challenges that are coordinated at the margins, but do not fundamentally alter the dynamics of European security policy. Recent developments in European-level defence policy show that there is potential for integration, but that member states remain resistant to centralization, even in a crisis (Genschel 2022, Fiott 2024). This reluctance also means European security policy maintains and potentially strengthens the dependence of European governments on the United States, for example, through arms purchases despite their espoused objective of increased strategic autonomy. Lovato and Simón (2025) have shown the importance of coalition size and a degree of centralization for Europeans to resist external reproaches, highlighting the need to strengthen joint efforts, particularly in a muddling-through scenario. Any move towards centralization in European defence is likely going to be contested by European populist governments as well, as the cases of Hungary and Slovakia have illustrated.

Third scenario: Moving forward

The last scenario is the most optimistic of all and means a new chapter for a closer transatlantic relationship. The reluctant move by the Trump administration in autumn 2025 to impose additional sanctions on Russia has opened the way for the development of a new transatlantic bargain. The starting point for this latest bargain would be the fulfilment of the longstanding demand on the Europeans to be fully responsible for European security in the first instance, including shouldering the costs associated with this. At the same time, it would require the United States not to interfere with European efforts toward strategic autonomy and to provide, as a starting point, a closer and privileged collaboration on defence technology. Ossa's study of American policymakers' views showed that there is diversity of views that could allow for a bargain that increases European capabilities, even though this

assumes that more minority views become mainstream in US discourse (2025, 503–7). Recent surveys do show a direction of travel of popular opinion, even among Republican supporters, towards support for Ukraine (Pew Research 2025).

However, it is noteworthy that the conservative position has so far been one of expressed opposition to European autonomous decision-making in security and defence, as it is seen as undermining NATO (Kochis 2020). From an academic balance of power perspective, Cladi argued that both sides still benefit from the transatlantic security arrangement (2025, 5). Allin and Chivvis (2025) similarly argue that there is significant scope for transatlantic cooperation, even if possibly only under future administrations. Smith et al. (2025) highlight the density of transatlantic relationships, both bilateral and involving the European Union's various actors, as a cushion against abrupt changes. The Trump administration's willingness to break with established practice, however, leaves it more vulnerable to disruption.

If this realization can be translated into a new type of transatlantic bargain, a third scenario emerges. This new, special relationship could encompass intelligence and technological cooperation with collective European entities and defence corporations, for example and reciprocal access to technological advancement, a kind of innovation sharing. It could mean stronger collaboration between the European Commission and its US counterparts to facilitate cooperation. This scenario would, of course, be more costly to the United States at the outset, but the new level of investment in Europe should yield some gains for the United States in the medium term as well. At the same time, it would require a turn away from politicizing international cooperation and a willingness to go beyond NATO's established roles (Ewers-Peters 2025).

Policy implications

The policy implications for transatlantic relations in the security domain are driven by uncertainty of US policy direction, as well as European Union political unity and willingness to cooperate in core areas of state powers, which remain largely outside of the EU's competences. Member states' cooperation is complicated by new divisions between populist governments that tend to view EU support for Ukraine more critically or oppose it, and the EU majority, which seeks to support Ukraine without taking major steps to escalate the war. But even when governments are not split along a populist– pragmatist divide, joining forces in security policy is

not guaranteed (Anderson and Steinberg 2025). At the same time, when core member states are in agreement and there is a level of supranational support, the EU can act jointly to improve its security policy (Lovato and Simón 2025). Recent developments in defence show that Europeans know what needs to be done, but find it hard to get it done quickly (Brøgger 2024; Fiott 2024).

Another policy implication is the urgent need for greater solidarity among EU member states. If moves such as using Russian frozen assets to finance loans to Ukraine are to be successfully implemented, they will likely require assurances for those who are more affected by possible Russian retaliation, in this case, Belgium.

These implications make the scenarios interesting to entertain: the consequences for the EU are similar, independent of the scenario. What changes are, first, the time horizon and, second, the environment in which these decisions will need to be taken. The muddling-through scenario, which we deem most likely, in essence, only buys time and avoids the immediate need for collective action. The disintegration scenario would add immediacy to the issue at a level that the EU is not equipped to respond to. The moving forward scenario, which we would deem the least likely in the current situation, would require significant gains in capabilities at the EU level to facilitate a new grand bargain establishing a new kind of equilibrium of responsibilities in Europe.

Conclusions: The way forward for the EU

The policy implications of these three scenarios point in the same direction, but with different levels of urgency. The EU must expand its production and supply chains for weapons, emergency supplies and civilian reconstruction. As member states will be unlikely to hand over these matters to an EU-wide authority, this will mean investment in cooperation, joint in the sense of bilateral or multilateral projects and procurement. The initiatives related to strategic autonomy have already accelerated, partly due to Trump's second term in office. These include increased military spending and initiatives such as the ReArm Europe Plan – Readiness 2030, but there will need to be greater efforts to build European military interoperability and genuinely European capabilities.

Specifically, regarding the war, if the United States does not rise to the challenge, Europeans will need to provide Ukraine with security guarantees (see also Biscop 2025). The EU needs to develop a strategic support to Ukraine beyond piecemeal

decisions on what each member state is comfortable supplying. The expansion of European financing of joint development and R&D in defence projects can only be the beginning of what needs to become a more united effort at a European scale, including the UK and other partners, without prejudice to the EU's internal requirements. Early signs of collaboration with Ukraine's defence-industrial capabilities are encouraging and could be supported at the European level. Since we know integration in these sensitive government areas will not be achieved top down, it is equally important for the EU to facilitate, at a larger scale, the cooperation of European military staff through an expansion of the European Defence and Security College to other training and planning tools where European defence and security experts can better develop mutual understanding and esprit de corps.

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SECTION 2

TRADE

CHAPTER 5

Overview and Background Transatlantic Trade from Embedded Liberalism to Competitive Strategic Autonomy

Erik Jones*
Robert Schuman Centre for Advanced Studies, European University Institute, Florence, Italy

Abstract

Transatlantic trade relations developed after the Second World War through a compromise between embedded liberalism, which enabled an international division of labour, and domestic policy autonomy. This compromise depended on the capacity of the United States and Europe to regulate cross-border capital flows. As capital movements expanded and eventually overshadowed trade flows, the Atlantic partners shifted away from embedded liberalism to manage a more globalized economy. They sought to deepen the international division of labour through both finance and trade while avoiding a race to the bottom in welfare, labour and environmental standards. However, as globalization advanced, it became harder for the transatlantic partners to govern. Emerging economies challenged their influence over global economic institutions and their ability to set international standards. Losing control over globalization also generated domestic pressures, as interdependence produced dislocation and discontent. These dynamics fuelled a politics increasingly centred on domestic priorities rather than international engagement. Donald Trump reflects an extreme form of this trend, although it is visible on both sides of the Atlantic. Today, leaders are more inclined to pursue strategic autonomy even at the expense of cooperation. While the Atlantic economy is unlikely to break apart, it is more likely to muddle through than advance.

Keywords: *embedded liberalism; interdependence; globalization; strategic autonomy; populism.*

* erik.jones@eui.eu

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Introduction: Division of labour and policy autonomy

The link between transatlantic trade and populism stems from the tension between an international division of labour and policy autonomy (Sonenscher 2022). An international division of labour requires trade-offs. Trade and investment influence income and employment on either side of any border they cross. Workers and firms that compete with imports tend to lose out, even if those that export to foreign markets tend to gain. Policy autonomy is necessary to mitigate the adjustment from producing everything at home and sharing that responsibility with the outside world. Policy autonomy is also necessary to ensure productive investment does not turn into disruptive speculation (Cooper 1968).

The tension arises from the fact that efforts to mitigate adjustment costs and control capital flows interfere with the functioning of markets within and between countries, thereby distorting the international division of labour (Myrdal 1956). Contributions necessary to finance worker retraining programmes, unemployment benefits or pension schemes add to labour costs and so reduce price competitiveness. Yet when governments embrace the logic of free markets, they face political backlash from those hurt by foreign competition or cross-border financial volatility (Polanyi 1957). Neither workers nor employers want to pay the costs of adjusting to foreign competition. That backlash is not necessarily 'populist', but it will emerge outside the existing political system if no party or group is willing and able to represent those adversely affected within it (Eichengreen 2018).

The challenge is to strike the right balance in each of the countries engaged in the international division of labour. This balancing requires some kind of coordination to prevent governments from using domestic policy instruments to shift their political problems onto one another. Importantly, the scope and scale of coordination required expand as the international division of labour deepens (Cooper 1968; Rodrik 2011). In turn, coordination in the use of economic policy instruments across countries becomes another constraint on policy autonomy and so another potential source of political backlash. Again, that backlash does not have to be 'populist', but it is available as an opportunity for populist political mobilization against mainstream politicians (Hooghe and Marks 2009; Mair 2013).

Politicians on both sides of the Atlantic have struggled to manage the tensions associated with adjustment to an ever-deepening division of labour and ever more

intrusive attempts at policy coordination (Calleo 1982, 2001). They have also wrestled with the challenge of expanding their division of labour beyond the Atlantic partnership. The formulas they used have differed from one period to the next. In each case, politicians working outside the mainstream have found opportunities for populist political mobilization on both the right and the left (Jones 2019).

This chapter traces the evolution of transatlantic economic relations in five stages. The first describes the post-Second World War compromise in which politicians on both sides of the Atlantic sought to build a transatlantic economy while also prioritizing their domestic political constituencies. The second explains how the success of transatlantic economic integration created a need for greater policy coordination among national governments in Europe and the United States. The third explores how these early efforts at managing interdependence expanded to an increasingly global marketplace. The fourth shows how the impact of global market forces fostered a retreat toward greater domestic policy autonomy, even if at the expense of transatlantic economic integration. The fifth concludes with a preliminary assessment of what this retreat to competitive strategic autonomy entails for the transatlantic economic relationship.

The compromise of embedded liberalism

The original post-war formula rested on four pillars. European governments would coordinate their reconstruction and integration through a mix of domestic economic planning and intergovernmental bargaining (Milward 1992; Segers 2024). The United States would provide support in the form of investment credits and balance-of-payments assistance. The dollar would form the backbone for international payments. And governments on both sides of the Atlantic would restrict capital flows to foster trade and investment (Ikenberry 1993). In many ways, these four pillars reflected the imperatives of the early Cold War period. The United States needed to foster European recovery and growth to consolidate the Western alliance against the threat of Soviet communism and to ensure European policymakers retained sufficient policy autonomy to push back against political groups that preferred to embrace Soviet-style communism rather than oppose it.

John Gerard Ruggie characterized this arrangement as a 'compromise of embedded liberalism' (Ruggie 1982). What he meant is that the system allowed national governments to build an international division of labour while at the same

time prioritizing domestic policy autonomy. That prioritization reflected the need to stabilize domestic political systems against the threat that left-wing extremists would mobilize around economic grievances to install Soviet-style communism. Trade liberalization took place on a reciprocal basis, but only at the pace governments could manage the cost of adjustment. Meanwhile, policymakers used financial repression – both domestically and in the form of capital controls, including restrictions on currency convertibility – to prevent destabilizing speculation.

The system worked due to the relatively low level of integration both within Europe and across the Atlantic. As European economies became increasingly interconnected with each other and with the United States, coordination became more complicated, planning less effective and financial flows more volatile. These tensions were evident almost immediately after the reintroduction of full currency convertibility, and they increased through the 1960s as cross-border trade and investment became more prominent and cross-border finance began to leak through capital controls into an ever-deepening network of offshore banking (Helleiner 1994; Strange 1997).

The politics of this period developed in response to many influences, not all of which can be traced to deepening economic interdependence. Nevertheless, there are clear signs that at least some of the political mobilization is linked back to problems associated with adjustment and coordination. Employers and trade unions defected from national planning arrangements and sometimes even from collective bargaining. Policymakers who tried to strengthen arenas for international coordination faced increasing domestic opposition, particularly from groups – like farmers – who feared they would lose out to international competition. Ultimately, politicians faced a choice between satisfying their domestic constituents and living up to their international commitments – often through exchange rate pegs, but also through tariffs and trade (Gourevitch 1986). In the context of a much more integrated Atlantic and European economy, giving priority to domestic policy autonomy became increasingly harder to maintain. It was also increasingly unnecessary. Although Soviet communism remained a threat, the post-war economic system had succeeded in establishing Western prosperity, both through the international division of labour and through the establishment of domestic welfare states.

Jointly managed interdependence

The late 1960s and early 1970s were a period of transition from the 'compromise of embedded liberalism' to something more closely resembling a jointly managed form of interdependence. This transition was necessary because policymakers realized they could not meet their domestic policy objectives without considering how their counterparts in other countries would respond to any policy change (Cooper 1968). Efforts to expand government spending or increase monetary stimulus tended to leak across countries, often in counterproductive ways, if not openly destabilizing. They also discovered that many of the forces at work in the international economy could only be tackled through international collective action. And they realized that domestic political responses to policy failure – in the form of strikes, electoral volatility and popular protests – would make matters worse (Putnam and Bayne 1987).

This shift to jointly managed interdependence required national governments to reassert control over domestic politics while simultaneously building and strengthening institutions for international policy coordination. This two-fold challenge was difficult for governments on the centre-left, which faced competing pressures from more traditional constituents close to organized labour and from new political movements mobilizing around quality-of-life considerations associated with democratic responsiveness or the environment (Inglehart 1990). By contrast, centre-right governments had an easier time disciplining trade unions and shifting contentious policy issues to non-majoritarian institutions such as politically independent central banks, the Bank for International Settlements, or the European Commission (Mair 2013; Tucker 2018).

Ultimately, governments from both sides of the spectrum accepted the need to coordinate in the management of their interdependence. The alternative of unwinding the international division of labour was too unattractive. They also realized that such coordination would make it easier to address the threat of Soviet-style communism, both internationally and in terms of domestic politics. The centre-left governments under French president Francois Mitterrand during his first administration were emblematic of this choice. Although industry minister Jean-Pierre Chevènement was a staunch advocate of reasserting domestic policy autonomy, Mitterrand accepted the arguments of his finance minister, Jacques Delors, that accepting the policy requirements for international coordination within the European Community was the better option – even if that meant ending

his coalition with the French Communist Party (McCarthy 1990).

Mitterrand's choice came at the cost of alienating important parts of both sides of his coalition within the French Socialist Party and across the non-communist left. To limit the damage, Mitterrand changed the electoral system from first-past-the-post to proportional representation, thereby creating space for the far-right National Front to enter the national parliament in the 1986 elections. In turn, this opening strengthened National Front leader Jean-Marie Le Pen's bid for the French presidency in 1988 (Mitra 1988). As in the 1960s, many factors influenced the politics of the 1980s. Nevertheless, it is still possible to connect the tension between policy autonomy and the international division of labour.

Other countries experienced this period of jointly managed interdependence differently, but those experiences have similar patterns – including in the United States and across the transatlantic economy more generally. France's commitment to strengthen coordination within Europe was matched by efforts to stabilize the dollar and limit the impact of US domestic policy on European national economies. The Louvre and Plaza Accords represented a high-water mark in coordinated intervention at the level of the Group of 7 (G7) leading industrial nations (Funabashi 1989).

The results of those agreements were insufficient for the United States and its partners in Europe. They were able to achieve greater stability at the international level but only at the cost of policy autonomy in the domestic context. Given the weakening threat of Soviet communism, addressing political challenges from the left was less important than developing coherent strategies to underpin domestic prosperity. The US response was to move away from currency interventions and toward a commitment to more aggressive capital market liberalization coupled with greater domestic policy commitment to the requirements for participating in a global economy – the Washington Consensus (Williamson 1993). The European response was to liberalize capital markets alongside a commitment to irrevocably fix intra-European exchange rates – economic and monetary union (Jones 2002).

Extensive globalization

The end of the Cold War eliminated the communist threat and so added weight to different strategies for ensuring domestic 'competitiveness'. In turn, this shift changed the focus for the transatlantic partners from jointly managed interdependence

to extensive globalization. That pivot did not end policymakers' efforts on both sides of the Atlantic to coordinate the use of their policy instruments, but it did extend the international division of labour far beyond the Atlantic economy. It also rested ever increasingly on the flow of capital rather than the flow of goods and services. This change mattered insofar as the movement of productive factors – meaning labour as well as capital – could substitute for trade. It also mattered because liberalized capital markets quickly threatened to move beyond government control (Frieden 2006).

The implications for global governance were stark. As more activity moved beyond the Atlantic, the institutions that policymakers in the United States and Europe used to coordinate their policy interventions became less effective (Viola 2020). The transatlantic partners could negotiate a multilateral trade deal in the Uruguay Round of the General Agreement on Tariffs and Trade (GATT) that included the creation of a World Trade Organization (WTO), but they could not complete the Doha Round of talks that followed (Jones 2006).

More importantly, the institutions for policy coordination became more controversial. This development was partly because those institutions addressed more issues of popular concern, creating the impression that they also raised them beyond democratic politics, and partly because they were unrepresentative of the countries being brought into the global economy. Left-wing activists initially mobilized around the new WTO but soon began targeting other institutions, such as the G7 and the European Union (EU) (Curran 2007). Mobilization occurred on the right as well, with increasing voices complaining about the loss of manufacturing jobs to foreign competition or the progressive influx of foreign migrants. This period marked the rise of many contemporary populist movements, with the consolidation of support for, among others, the French National Front, the Austrian Freedom Party and a right-wing coalition in Italy that included Silvio Berlusconi's Forza Italia, the Northern League, and the National Alliance (Mudde 2007).

This political mobilization progressively chipped away at support for multilateral institutions within Europe, across the Atlantic and at the global level. It also complicated the strategies being used by mainstream political parties to adapt to changing economic conditions. Centre-left parties that tacked to the centre in an effort to build a new pro-market coalition became less effective at holding together a coalition of left-wing and centre-left voters whose political agendas grew ever more divergent. The French left won more votes in the first round of the 2002

presidential elections than in 1997, but it split that vote across so many candidates that Jean-Marie Le Pen advanced to a second-round contest against Jacques Chirac, the centre-right candidate (Jones 2007). A similar splintering of the left could be found in a number of European countries. The US Democratic Party was also affected.

Centre-right parties were affected as well. Many of those parties had long traditions supporting free trade and global commerce. As right-wing extremist groups gained support through the mobilization of voters more sceptical of a global division of labour, however, those centre-right parties began to pivot to stave off the competition. This shift took place across Europe and on both sides of the Atlantic. The British case was emblematic (Norris and Inglehart 2019). British Conservatives were long divided over the virtues of European integration, even if they were largely united in support of Britain's participation in the EU's internal market. What they sought was both policy autonomy and an international division of labour at the same time. When they realized that would not be possible, they opted for policy autonomy against the wishes of the party's own leadership (Oliver 2016).

Meanwhile, the rise of economic powers beyond the transatlantic economy created new sources of tension both within and among the transatlantic partners. China's evolution from a source of low-skilled manufacturing labour to a competitor both at home and in other world markets was particularly destabilizing; so was Russia's central role as a source of cheap oil and gas, particularly for countries in Europe. If the British sought greater autonomy from Europe, it was at least partly to find more effective policy responses to these new challenges.

Competitive strategic autonomy

The Brexit vote was not a rejection of an international division of labour; it was a protest against the implications of that kind of economic interdependence for democratic policymaking. In that sense, it marked a shift from extensive globalization to something more closely resembling a competition for strategic autonomy. The British government wanted to 'take back control' to gain a freer hand in charting the country's course in the global economy. Moreover, Brexit was not an isolated incident. Voters in both the United States and Europe protested the Transatlantic Trade and Investment Partnership (TTIP) despite the agreement's promise to strengthen both economic performance and the transatlantic partnership's global influence (Young 2017).

Popular support for Donald Trump's first presidential campaign had similar motivations. Trump mobilized support for greater political autonomy and against binding trade agreements, even those like the Trans-Pacific Partnership (TPP) that would strengthen US competitiveness. And Trump was not alone. His Democratic opponent, Hilary Rodham Clinton, facing a challenge from the more left-wing Bernie Sanders, also campaigned against the TPP, even though, as secretary of state, she played a role in negotiating the agreement (Gerstle 2022).

The global economic and financial crisis played an important role in sapping support for extensive globalization. So did the global pandemic and the supply chain disruption that followed (McDaniel 2023). Once again, many factors lie behind political developments. Nevertheless, it is still possible to trace the tension between policy autonomy and an international division of labour (Goodman 2024). That tension shows up in the exercise of power as well as the loss of power. The European trade negotiators who sought to include beyond-the-border regulatory provisions in the Doha Round of WTO talks wanted to shape policy in Europe's trading partners. When those talks failed, they shifted their focus to beyond-the-border conditionality in bilateral trade agreements. They also controlled access to the EU's internal market. This 'Brussels Effect' was widely celebrated in Europe (Bradford 2020). In other countries, it was viewed less favourably, including in the United States. The EU's regulatory influence was a significant factor in American political mobilization against the TTIP, for example (Young 2017).

Successive US administrations have sought to exercise power in a different way, through their control over the dollar as the principal international currency and through the central role US corporations play in the market infrastructures that underpin global telecommunications and finance. US policymakers always used the country's central role in the world economy as a source of political leverage (Calleo 1982). They expanded their toolkit in the early twenty-first century after the attacks on 9/11 and in an effort to track terrorist financing. By the early 2010s, no country in the world was unaffected, including traditional allies in Europe. When Barack Obama's administration took the unprecedented step of demanding that the SWIFT financial telecommunications group disconnect Iranian banks, America's European allies had little choice but to give their assent (Farrell and Newman 2019). The Obama administration counted this policy as a success, but here too other countries had a very different perspective, including in Europe (Demarais 2022; McDowell 2023).

The Brussels effect and the 'weaponization of interdependence' raised concerns about the trade-off between an international division of labour and domestic policy autonomy. Within that context, Donald Trump's first administration underscored the importance of national sovereignty even as successive European Commissions – encouraged by French President Emmanuel Macron – began to stress the need for strategic autonomy and European sovereignty. These rhetorical turns could be characterized as 'populist' (Jones 2017). Certainly, they appealed to political forces – voters, interest groups, parties, governments – already wary of the international influences extending across the Atlantic.

A new equilibrium?

Trump's loss in the 2020 presidential elections did little to assuage European concerns. Although the incoming Biden administration looked more appealing from the other side of the Atlantic, Biden's efforts to bind economic policy to a 'foreign policy for the middle class' revealed a consistent desire to prioritize domestic policy autonomy. For its part, the EU had already embarked on an ambitious plan to facilitate the green and digital transition as part of efforts to recover from the pandemic and enhance European resilience. Both measures prioritized efforts to push back against domestic economic grievances, even if that made it harder to strengthen the transatlantic economy. When the Biden administration announced its 'Inflation Reduction Act', European policymakers denounced it as an attempt to lure away jobs, investment, and innovation (Anghel and Jones 2024).

The onset of Russia's full-scale invasion of Ukraine did little to reverse that dynamic. Although the two sides of the Atlantic came together to push back against Russian aggression, economic tensions persisted. So did the desire for greater autonomy. The re-election of Donald Trump and his second administration's aggressive trade policy only exacerbated the situation. Little if anything remains of the previous formulas for structuring the global economy. The compromise of embedded liberalism has faded from memory. The institutions for jointly managed interdependence barely function. And enthusiasm for extensive globalization has waned, if it has not evaporated.

What remains is the search for competitive strategic autonomy. That competition makes it unlikely we will see the restoration of an extensive international division of labour. Some kind of 'muddling through' is a more plausible result. But it is possible that this emphasis on strategic autonomy will create economic grievances

that are paradoxically self-reinforcing. The more people are hurt by the unravelling of the global economy, the more they will call upon politicians to help alleviate the pain. Finding some way to strike a new balance that can work across as well as within democratic countries is the challenge mainstream politicians have to face.

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CHAPTER 6

EU–US–China Trade Relations

Arlo Poletti*
Department of Sociology and Social Research of the University of Trento

Abstract

The European Union (EU) has long been a central actor in global trade governance, leveraging its market size, regulatory capacity, and supranational institutions to jointly shape international trade rules with the United States (US). This chapter examines how two major disruptions – the China import shock and the protectionist turn of the second Trump administration – have fundamentally altered the political and strategic environment in which EU trade policy operates. It traces the evolution of the EU's trade policy framework, the shifting constellation of domestic and transnational actors influencing policy choices, and the EU's historical role as a joint shaper of multilateral trade rules. Against the backdrop of increasing politicization, rising economic nationalism and the breakdown of multilateralism, the chapter assesses the EU's constrained bargaining position between the United States and China. It concludes by outlining strategic options for the EU, including options for credible retaliation, diversification of export markets and the full deployment of its emerging geoeconomic policy toolkit.

Keywords: *China; EU trade policy; geoeconomics; US protectionism; multilateral trade governance; strategic autonomy*

* arlo.poletti@unitn.it

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Introduction

The European Union (EU) is the world's largest trading bloc – ranking first both as trader of manufactured goods and services and as destination and source of foreign direct investment (FDI) – and has traditionally been able to play a pivotal role in international trade relations. However, two major developments significantly affected the political environment shaping EU trade policymaking: the Chinese and American trade shocks. The surge in imports from China had systemic consequences for the domestic politics of trade in the EU, strengthening antitrade sentiment and the political power of far-right populist parties advocating policies of global market closure. More recently, the marked protectionist turn of the second Trump administration brought to an end a long-standing tradition of transatlantic collaboration in managing international trade relations.

This chapter begins with a brief overview of the legal framework governing EU trade policymaking, the actors shaping the content of EU trade policy, and the historical evolution of the EU's role as a global trade actor. Then, the chapter briefly analyses the China–US trade shocks and the transformations they brought about in EU trade policy. Finally, the chapter discusses possible ways forward for the EU to navigate an increasingly conflictual international trade environment. The final part of the chapter develops recommendations for the future of EU trade policy. The chapter suggests that the EU should be prepared to 1) credibly commit to retaliate in the face of a potential further escalation of the United States' protectionist strategy, 2) strengthen its relations with other trade partners to diversify export markets, and 3) fully leverage its recently acquired 'geoeconomic' policy toolkit to defend its trade interests.

EU trade policy: rules, actors and evolving role in trade governance

With the entry in force of the Treaty of Rome, in 1957, West European governments pooled their sovereignty and fully delegated their state powers to the European Commission (EC) for the purposes of conducting external trade, creating a customs union, and developing a Common Commercial Policy (CCP), ultimately conferring European Economic Community (EEC)/EU powers equivalent to those of a federal state in international trade relations. (Gstöhl and De Bièvre 2018).

The fact that trade policy was placed under supranational competence meant that the EC had the sole right of initiative with respect to bilateral, regional, and

multilateral trade negotiations and was entrusted with the responsibility to negotiate on behalf of, and in accordance with, the mandate granted by the member states. The agreements negotiated by the EC were then subject to approval by the Council of Ministers by qualified majority voting (QMV). Over time, however, the rules governing EU trade policymaking have evolved considerably. For one, the range of exclusive trade competences expanded to include many new regulatory trade issues. In addition, subsequent treaty reforms increased the European Parliament's (EP) powers in the making of EU trade policy. Most notably, with the adoption of the Treaty of Lisbon in 2009, the EP was granted the power to veto EU trade agreements, making it a key player in EU trade policymaking.

Within this legal framework, the preferences of these institutional actors have been substantially shaped through interactions with various types of societal actors (Poletti and De Bièvre 2016). Traditionally, EU trade policy sought to strike a delicate balance between different economic interests, consistently striving to improve foreign market access for its exporters while also protecting domestic sectors threatened by foreign competition (De Bièvre and Poletti 2014). In recent years, two additional sets of societal actors have also come to play an important role in shaping the substance of EU trade policy. First, the growing integration of the EU's economy into so-called global value chains (GVCs) strengthened the political role of European import-dependent firms such as retailers at the end of the supply chain and goods-producing firms that import intermediate inputs (Eckhardt and Poletti 2016). These import-dependent firms, which support trade liberalization because they have an interest in accessing cheap imported goods, have increased the political weight of the pro-trade domestic coalitions in the EU and systematically affected EU trade policy choices across the board (Poletti et al. 2020). Second, civil society organizations (CSOs) have played a key role in raising the public salience and politicization of some important trade issues, joining forces with import-competitors in trying to export labour and environmental standards through trade agreements, and, more generally, helping infuse EU trade policies with a values-based agenda (De Ville and Siles-Brügge 2015).

Trading access to its large market in exchange for valuable concessions from its trading partners (Damro 2012), the EU has traditionally been a powerful trade actor capable of both affecting the trade policies of other countries and shaping the rules that govern international trade relations (Poletti and Sicurelli 2018). For instance, the EEC played a key role in shaping multilateral trade rules very early on, as demonstrated by its ability to leverage its bargaining power to secure policy

outcomes that aligned with its trade preferences during the Kennedy Round of the GATT (Dür 2010). Since then, the EC has effectively taken the driver's seat, together with the United States, as joint shapers of the multilateral trading system (De Bièvre and Poletti 2013). The EC's role as joint shaper of global trade rules reached its pinnacle in the Uruguay Round, which ultimately led to the creation of the World Trade Organization (WTO). In particular, the EU, again in line with the United States, decisively contributed to a change global trade governance by sponsoring both the expansions of the functional scope of multilateral trade rules to include a whole new set of regulatory provisions – the General Agreement on Trade in Services (GATS), the Agreement on Trade-Related Investment Measures (TRIMS), the Trade-Related Aspects of International Property Rights (TRIPS), the Technical Barriers to Trade (TBT) Agreement, and the Agreement on the Application of Sanitary and Phytosanitary Measures (SPS) – and the strengthening of mechanisms for enforcement of multilateral trade rules (Poletti et al. 2015).

The adoption of the Uruguay Round and the creation of the WTO marked the beginning of the decline of the EU's ability to shape global trade governance in line with its preferences. Soon after the end of the Uruguay Round, the EU assumed leadership in promoting a new round of multilateral trade negotiations, which, following the setback of the Millennium Round in Seattle in 1999, led to the launch of the Doha Development Round in November 2001. However, after 12 years of negotiations, the only tangible result of the Doha Round was the adoption of the Trade Facilitation Agreement (TFA) in 2013, a modest agreement to reduce cross-border processing costs. In the end, the rising economic clout of a new set of emerging economies fundamentally reshaped power structures in multilateral trade governance and ended the bilateral EU–US joint hegemony in that domain (Mortensen 2009). Meanwhile, the EU trade policy strategy adapted to the new reality of multilateral trade politics by shifting towards seeking trade liberalization with Preferential Trade Agreements (PTAs). More specifically, in 2006, the EC released its Global Europe communication in which it announced a marked shift in the EU's trade strategy from a 'multilateralism first' approach to a more strategic approach based on bilateralism (Eckhardt and Poletti 2016). Since then, the EU has moved towards a strategy of bilateral or regional, rather than multilateral, trade liberalization, signing trade agreements with a wide array of important trade partners across the globe.

The Chinese and American trade shocks

Despite these important changes, the basic features of EU trade policy and politics remained relatively stable until the mid-2010s: the EU used its bargaining power to maximize EU exporters' access to foreign markets, while providing some protection to industries vulnerable to foreign competition and catering to the demands of CSOs. However, in recent years, two interrelated emerging trends have changed the domestic and international strategic contexts within which EU trade policy is shaped. I briefly illustrate these transformations before discussing their implications for future trajectories of EU trade policymaking.

The China import shock and the rise of populism and economic nationalism

As already briefly mentioned, some high-profile trade negotiations in recent years generated significant domestic political turmoil, leading many observers to speak of a growing politicization of EU trade policy (see De Bièvre and Poletti 2020). Prominent examples include the successful campaigns of various CSOs to raise public awareness of and opposition to trade negotiations such as the Transatlantic Trade and Investment Partnership (TTIP) and the Canada–EU Comprehensive Economic Trade Agreement (CETA).

But many works highlight that one of the most systematic changes in the EU's domestic trade politics is associated with the so-called China import shock. China's accession to the WTO in 2001 triggered a significant rise in exports in the United States and the EU, causing higher unemployment, lower labour force participation, and wage reductions in local labour markets with import-competing manufacturing industries (Foroni and Schroder 2025). Moreover, as China's competitiveness in high-value-added industries increases, the impact of China's competition on European labour markets may further intensify, potentially extending to nearly one-third of euro area employment (Berson et al. 2025). What is perhaps more important is that the adverse consequences of increased import competition from China had a systematic and clear political impact on domestic politics on both sides of the Atlantic. Indeed, the China shock contributed to an international increase in popular support for protectionism in both the United States and many EU member states and, consequently, contributed to the electoral success of far-right, populist political parties advocating policies of economic nationalism (Autor et al. 2013; Colantone and Stanig 2018). In addition, the growing exposure to Chinese trade competition has led to the gains from trade liberalization in the EU becoming

increasingly concentrated in the hands of a few superstar exporting firms, mostly multinationals, often driving small- and medium-sized enterprises out of business (Baccini et al. 2021). These developments should be seen in combination with the increasing Chinese international political and economic activism exemplified by initiatives such as the Belt and Road Initiative (BRI), and institutions, such as the Shanghai Cooperation Organisation (SCO), the Asian Infrastructure Investment Bank and the Regional Comprehensive Partnership Agreement, which raised widespread concerns about China's rising geopolitical influence.

To sum up, the sharp rise in imports of manufactured goods from China following its accession to the multilateral trading system had profound consequences for the EU economy, its labour markets, and, ultimately, its domestic politics. The China import shock, combined with other factors such as automation and offshoring, acted as an economic trigger for the rise of the so-called popular backlash against globalization in Europe (Milner 2021). Overall, these long-term processes have the potential to change EU trade policy in systematic ways. While the EU's integration into GVCs produces a more free-trade orientation in EU trade policy, these processes push in the opposite direction. As the public grows more sceptical about the merits of trade liberalization and concerns about China's geopolitical clout increase, political parties take more protectionist policy stances, we should expect these preferences to shape the EU trade policymaking process at various levels – member states, the EP and the EC – and to produce a more protectionist trade policy.

The American protectionist shock

A second, and perhaps more game-changing, shock for the EU came a few months ago in the form of US President Trump's full-frontal protectionist turn. President Trump's 2025 trade offensive is the most aggressive since the Smoot-Hawley Tariff Act of 1930, with global tariffs on tens of countries leading to an increase in the average applied US import tariff rate from around 2.5% to over 27%. Trade negotiations between the EU and the US administration that followed this strategic trade turn culminated in the adoption of the EU–US framework trade agreement on 27 July 2025. Under this framework agreement, the EU accepted a 15% import tariff on most EU goods exported to the US market, except for aircraft parts, national resources and critical minerals, which are exempt. While the agreed-upon 15% tariff accepted by the European Union is half of the 30% tariff threatened by President Trump in his second term, it is still much higher than the pre-Trump status quo, when the average tariff rate between the EU and the United States

hovered around 3–4%. Moreover, there was no degree of reciprocity in the deal, since the EU agreed to eliminate tariffs on all US industrial goods, in addition to committing to purchase $750 billion worth of American oil, gas, and nuclear fuel and to investing a further $600 billion in the United States, in military equipment and other areas.

This deal is clearly a game-changer for the EU. Most evidently, this decision is likely to have a significant economic impact since EU producers will face the highest tariffs in the last seventy years in their top destination for exports of goods and services. Most estimates suggest larger losses and higher prices in the United States than in the EU, but they indicate a potential GDP fall for the EU ranging from 0.2% to 0.8%, depending on how much higher prices will be passed onto US consumers and exchange-rate movements, and a more significant negative impact for countries like Germany, Italy and Ireland – whose exports to the United States are the most substantial (CEPS 2025).

But the most important implication for the EU is political, not economic. The EU and the United States have acted together for decades as the engines of global trade liberalization, first within the multilateral trading system and later as sponsors of a global network of PTAs. Moreover, not more than ten years ago, during the administration of President Barack Obama, the European Union and the United States were negotiating the TTIP, an ambitious trade agreement that promised not only to further liberalize transatlantic trade but also to become a template for reformed multilateral trade rules (De Bièvre and Poletti 2016). The protectionist turn of the second Trump administration, which continued the track set by his first administration, which was only temporarily put on hold by President Biden, dramatically changed the international strategic context in which the EU defines its role as a global trade actor. In this reality, the United States can no longer be considered a natural partner in managing global trade relations, but rather a strategic rival willing to make full use of its immense bargaining power to coerce the EU into bending to its trade interests.

Navigating trade relations between China and the United States

The EU finds itself in a difficult position, navigating the twin pressures of China's import penetration and the United States' aggressive international trade strategy, in

the broader context of a breakdown of multilateral trade governance 'as we knew it'. The radical shift towards aggressive unilateralism in US trade policy not only decrees the end of the already moribund WTO-based multilateral trading, but also to the idea that international trade relations could be organized around a stable set of mega-regional trade agreements gravitating around the two poles of the United States and China. The EU is now facing a breakdown of multilateral trade governance, in which unilateralism, rather than institutionalized cooperation, seems to have become the 'new normal' in international trade politics. But how should the EU approach this 'new normal' in the face of the twin pressures of the China and American trade shocks? Given the configuration of its trade relations with the United States and China, the EU is in a weak bargaining position. The EU's trade surplus with the United States means it would bear the bulk of the costs of a transatlantic trade war. Such an asymmetrical distribution of the costs of a potential trade conflict clearly weakens the EU's ability to make credible threats of retaliation in the face of the United States' aggressive trade strategy. Moreover, EU member states' dependence on the United States to underwrite European security in the face of growing geopolitical tensions (e.g., Russia's invasion of Ukraine) further weakens their bargaining power.

At the same time, the EU's bargaining power is constrained by the lack of 'exit' options. An obvious option in the face of the United States' aggressiveness would be to deepen trade relations with other major trading partners to both diversify export markets and gain leverage in negotiations with the United States. Given its importance in international trade relations, the most obvious alternative would be China. However, deepening trade liberalization with China is not an attractive option because it would further intensify the pressure Chinese competition exerts on the European economy and yield little in terms of new market access opportunities. According to Eurostat data from 2022, while Chinese exports to the EU increased by over 30% year-on-year, EU exports to China grew by just 3%. Hence, while strengthening trade relations with China could be used to enhance the EU's leverage vis-à-vis the United States, such a strategy would entail costs unlikely to be sustainable, neither economically nor politically. Given these structural constraints, I develop the following three recommendations for the future of EU trade policy.

Getting ready for tit-for-tat

As already mentioned, the EU reacted to President Trump's bargaining tactics without putting up a fight, clearly opting for an asymmetrical deal. The idea that the EU would

not retaliate against Trump's tariffs to gain leverage in negotiations, defend its own interests, and stand up for the international trade rules took many by surprise (Lichfield 2025). The reasons for this negotiating posture notwithstanding, it seems clear that any attempt to further escalate the trade conflict on the US side, which President Trump explicitly stated remains an open possibility, should be met with a different, and more confrontational, strategy from the EU. As basic theories of negotiation strategy suggest, the failure to credibly commit to retaliatory policies in the face of attempts to renegotiate the terms of what has already been widely considered a close-to-humiliating deal would signal that the United States can extract as many concessions as it wants from the EU. There are many reasons why the EU should fear, both economically and politically, a further escalation of this trade conflict. However, if the EU does not want to find itself in a spiral of never-ending negotiations aimed at extracting ever more trade concessions in its relations with the United States, it should be prepared to credibly commit to imposing retaliatory measures in the event of a potential US repudiation of the current framework agreement.

Diversifying export markets

While gaining leverage by turning towards China may not be economically or politically feasible, seeking to expand trade opportunities with the rest of the world is. With Trump's return to the US presidency and the administration's protectionist strategy, the EC has already moved in this direction. In December 2024 and January 2025, respectively, the EC completed negotiations for a comprehensive agreement with Mercosur and updated an already existing agreement with Mexico. Moreover, several trade negotiations are underway with key trading partners, including India, the Philippines, and Thailand, or have been revived, such as those with Australia and Indonesia. Finally, in response to Trump's aggressive tariff initiatives, von der Leyen has expressed interest in greater cooperation between the EU and the members of the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP). This group includes seven Asia-Pacific countries, three Latin American countries, Canada and the United Kingdom. Strengthening trade ties with key trading partners across different continents could clearly enable the EU to enhance its standing in global trade politics, find an autonomous position in the bipolar dynamics of US–China rivalry, and position itself as a pivotal player in the multilateral trading system (Italia 2025).

Leveraging the EU's geoeconomic power toolkit

Finally, in recent years, the EU underwent a process of strategic reassessment of the broader objectives underpinning EU trade policy. While the EU has consistently been the staunchest advocate of an open trading system, in February 2021, the EC released a new trade strategy that made explicit the need to gear EU trade policy towards supporting the EU's strategic autonomy and broader geopolitical goals while still positioning the EU as the guardian of openness and multilateralism (Meunier 2022). In 2020, the EU adopted a mechanism to screen inward FDI, which prompted member states to strengthen their national investment screening mechanisms. One year later, the EC also issued a legislative proposal for the so-called Foreign Subsidies Regulation, which introduced new instruments and procedures allowing the EU to monitor FDI transactions, investigate potentially distortive subsidies and adopt remedial measures. Also, in the same year, the EP and the Council finally agreed to establish a new international procurement instrument (IPI) to exert pressure on foreign countries to open their protected markets to EU operators. Finally, in 2003, the EU adopted a regulation establishing an anticoercion instrument to address pressing concerns about the increasingly porous border between the economy and security.

While these initiatives do not necessarily cast doubt on the EU's continued commitment to upholding an open international trading system, they signal that the EU has recognized the need to equip itself with the necessary institutional tools to challenge a foreign partner's actions that endanger the EU's ability to pursue its trade policy goals. The shift towards a better appreciation of the security implications of trade policy is a welcome development. The EU should be ready to make full use of this comprehensive set of policy tools to defend its trade interests and navigate trade relations with other major trade powers.

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CHAPTER 7

From Trade Skirmishes to Trade War? Transatlantic Trade Relations During the Second Trump Administration

Alasdair R. Young*

Sam Nunn School of International Affairs, Georgia Institute of Technology, Atlanta, USA

Abstract

The transatlantic economic relationship is the most valuable intercontinental relationship in the world. It is also uniquely interpenetrated by European and American firms, which are extensively invested in each other's markets. Absent a comprehensive trade agreement, the transatlantic economic relationship has been characterized by 'muddling through' within the broad framework of World Trade Organization (WTO) rules. The economic relationship between the United States (US) and Europe has periodically been punctuated by sometimes intense trade disputes. Historically, these disputes were narrowly focused and left the bulk of the transatlantic economic relationship untouched. Starting in spring 2025, the Trump administration dramatically departed from past US trade policy, imposing sweeping 'reciprocal' tariffs on all US trade partners as well as industry-specific tariffs on national security grounds. The European Union (EU) sought accommodation rather than confrontation, leading to a framework agreement in August. This agreement is fragile, but while it holds, it is a manifestation of 'muddling through', albeit under worse trading conditions than before Trump returned to office. It is possible that the relationship could deteriorate further.

Keywords: *European Union; retaliation; tariffs; trade; Donald Trump; United States*

* Alasdair.young@gatech.edu

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A valuable and previously generally calm economic relationship

The transatlantic economy is the 'largest and wealthiest market in the world' (Hamilton and Quinlen 2025, 2). Despite the current political focus on trade in goods, in which the United States has run a persistent deficit with the EU for more than a quarter century (Hamilton and Quinlen 2025, 12), the transatlantic economy is rooted primarily in mutual foreign direct investment (FDI). Almost 40% of the global stock of US FDI is in the EU, and EU firms account for slightly more than 40% all the FDI in the United States.[1] The economic activity of transnational corporations in each other's markets is therefore an important component of the transatlantic economy (see

Table 7.1). The overall transatlantic economic relationship is much more balanced than a focus on just goods would suggest. Moreover, due to the extent of the investment relationship, 64% of US goods imports from Europe in 2023 occurred *within the same firm* as did 41% of US exports to Europe (Hamilton and Quinlen 2025, vii).[2] Thus, goods imports are used as inputs in domestic production.

As there is no bilateral trade agreement between the EU and the United States – the most ambitious effort to create one, the Transatlantic Trade and Investment Partnership (TTIP) negotiations, ended with the first Trump administration – their trading relationship is subject to the rules and the most-favoured nation (MFN) tariffs they agreed to under the World Trade Organization (WTO) (see Chapter 8 in this report). Despite not having a trade agreement, in 2024, their average tariff rates were low and comparable: 1.47% on US imports from the EU and 1.35% on EU imports from the United States (Barata da Rocha et al 2025).

1. Author's calculations based on data from the U.S. Bureau of Economic Analysis (2025).
2. These figures include the United Kingdom as well as the EU.

Table 7.1. The transatlantic economic relationship (2024)

(US$ billion)

	United States to the European Union	European Union to the United States	US-EU balance
Goods	372	609	-237
Services	295	206	89
Value-added by FDI (2022)	494	456	38

Source: *U.S. Bureau of Economic Analysis (2025).*

The transatlantic economic relationship has historically been relatively calm. It has, however, periodically been punctuated by high-profile trade disputes from the 'Chicken Wars' in the 1970s to disputes over bananas, hormone-treated beef, genetically modified crops and commercial aircraft subsidies in the 1990s and into the 2000s. Despite the attention they attracted, these disputes affected only a tiny fraction of transatlantic trade, and the more recent ones were contained within the WTO's dispute settlement process (see Chapter 8 in this report). There were persistent, if episodic, efforts to try to address these transatlantic trade tensions, beginning with the 'new transatlantic agenda' in the 1990s. Historically, there was far more cooperation than conflict in the transatlantic economic relationship.

The populist turn in US trade policy

The transatlantic economic relationship has become much more confrontational under President Trump. He shares the populist view that trade is harmful and that the United States is being taken advantage of by foreigners, abetted by domestic elites (Baldwin 2025a, 1; Funke et al. 2023, 3280; Jones 2021, 29; and Box Figure 7.1). Trump considers the EU to be a particularly venal trade partner, describing it as 'one of the most hostile and abusive taxing and tariffing authorities in the world' (quoted in Gehrke 2025).

Figure 7.1 Trump's populist view of trade

> Globalization has made the financial elite who donate to politicians very wealthy. But it has left millions of our workers with nothing but poverty and heartache. … We allowed foreign countries to subsidize their goods, devalue their currencies, violate their agreements, and cheat in every way imaginable. – 'Declaring America's Economic Independence', 28 June 2016.[3]
>
> We must protect our borders from the ravages of other countries making our products, stealing our companies, and destroying our jobs. Protection will lead to great prosperity and strength. – First Inaugural Address, 20 January 2017.[4]
>
> … over the last several decades, the United States gave away its leverage by allowing free access to its valuable market without obtaining fair treatment in return. This cost our country an important share of its industrial base and thereby its middle class and national security. – The President's 2025 Trade Policy Agenda, 3 March 2025.[5]
>
> For decades, our country has been looted, pillaged, raped and plundered by nations near and far, both friend and foe alike. American steelworkers, auto workers, farmers and skilled craftsmen…watched in anguish as foreign leaders have stolen our jobs, foreign cheaters have ransacked our factories, and foreign scavengers have torn apart our once beautiful American dream. – 'Liberation Day' speech, 2 April 2025.[6]

In line with this rhetoric, President Trump took several steps during his first term that deviated from traditional US trade policy (Grumbach et al 2022, 237; Jones 2021, 71). He imposed a series of punitive tariffs on China in response to what the United States considered unfair trade practices. He also blocked the appointment of judges to the WTO's Appellate Body, bringing the dispute settlement process to a halt (see Chapter 8 in this report). Despite characterizing the EU as 'worse than China' on trade in 2018 (Korade and Labott 2018), only the tariffs imposed on aluminium and steel imports under Section 232 of the Trade Expansion Act of 1962 (the so-called 'Section 232 tariffs') on the grounds of

3. Trump (2016).
4. Trump (2017).
5. Office of the U.S. Trade Representative (2025).
6. Quoted in Baldwin (2025a, 1).

protecting national security directly impacted the EU. This use of Section 232 tariffs invoked a uniquely expansive understanding of national security that included trade causing substantial job, skill, or investment losses (Jones 2021, 74–75). The Trump administration also threatened tariffs on European governments that imposed digital services taxes on US platforms, although it did not impose them after those governments agreed to postpone implementation of the taxes. It was also set to impose national security tariffs on automobile imports when Trump left office. It did adopt enforcement tariffs on the EU as part of the long-running dispute over subsidies to Airbus, but that was in line with conventional US trade policy. The transatlantic economic relationship therefore deteriorated during the first Trump administration, but only modestly.

The Biden administration was not a huge fan of free trade (see, for instance, Sullivan 2023). It did not pursue bilateral trade agreements, seriously engage with WTO reform or enable the resumption of WTO dispute settlement. The United States also made extensive use of controls on semiconductor exports to China, including forcing European companies that used US intellectual property or inputs to comply with them. Under Biden, however, the United States focused on the economic and geopolitical challenges posed by China, so it adopted ceasefires with the EU over the steel and aluminium tariffs and in the aircraft dispute. Thus, while the transatlantic economic relationship did not fully return to where it was before Trump entered office, it was considerably better than when he left.

Trade policy in Trump's second term, however, has made his first term look like a warm-up act.

A shocked transatlantic economic relationship

The second Trump administration has adopted a series of unprecedented trade measures that have dramatically impacted the EU. It significantly expanded its use of Section 232 tariffs, imposing them on a range of products important to the EU, including cars and car parts, aircraft and pharmaceuticals. President Trump also used the International Emergency Economic Powers Act (IEEPA) in an unprecedented way to impose 'reciprocal' tariffs on all US trading partners.[7] President Trump initially announced that EU products, other than those subject to

7. IEEPA has historically been used to impose sanctions (Casey and Elsea 2024).

Section 232 tariffs or investigations, would be subject to an additional 20% tariff on top of the United States' MFN tariff. He almost immediately announced that the additional tariffs would be lowered to 10% until 1 August to allow time for negotiations, but subsequently threatened to impose a 30% additional tariff on EU goods if no agreement were reached by the deadline.

Table 7.2 Framework agreement tariffs in context

Sector	2024	Without the deal	With the deal
General (IEEPA 'reciprocal')	3.4%*	30% + MFN rate Additional tariff for steel and aluminium content	15%
Cars and car parts	2.5%	27.5%	15%
Pharmaceuticals (patented)	0–5%	100%**	15%
Pharmaceuticals (generic)	0–5%	0–5%	0–5%
Semiconductors	0–5%	Subject to Section 232 investigation	15%
Aircraft	Low	Subject to Section 232 investigation	Low
Aluminium	10% above the duty-free quota (based on historical levels)	50%	New tariff-rate quota to be negotiated
Steel	25% above the duty-free quota (based on historical levels)	**50%**	New tariff-rate quota to be negotiated

With the deadline looming, the United States and the EU reached a political agreement, which was subsequently elaborated in a framework agreement. This agreement established a baseline 15% tariff on most EU products (see Table 7.2). It had the effect of significantly reducing the tariffs the United States would have imposed on some of the EU's most valuable exports, which were subject to Section 232 tariffs or investigations. Medicinal and pharmaceutical products, medicaments, cars and car parts and aircraft and associated parts accounted for 34% of the value of EU exports to the United States in 2024 (own calculations based on Eurostat 2025a). To secure this less-bad treatment, the EU agreed to eliminate all remaining tariffs on American industrial goods; give preferential market access for certain US seafood and non-sensitive agricultural products; and indicated that Europeans would purchase US weapons and liquified natural gas, and EU firms would invest in the United States (Politico 2025). The EU did not accede to US pressure to address its digital content and competition rules (Politico 2025). The European Commission (2025, 2) stressed that the deal 'compares well' to those secured by the United States' other trade partners

and thus EU exports remain competitive against other US imports. It also characterized the agreement as the 'first important step' toward reestablishing the stability and predictability of the transatlantic trading relationship and as a 'roadmap' for continuing negotiations to improve market access (European Commission 2025, 2).

Notes:

* *The United States' average MFN rate, which is the more appropriate comparator to the headline rate for the new tariffs, applies to a bit over 60% of EU exports, so the average tariff rate is lower (Nangle 2025).*

** *Unless the manufacturer is building a plant in the United States.*

Source: *revised and updated from Berg (2025); European Commission (2025); WTO (2025)*

The deal also included commitments to hold talks to address non-tariff barriers, to strengthen cooperation on economic security, including investment screening and export controls, and to enhance supply chain resilience, including for critical minerals, energy, and chips to power artificial intelligence (AI) (European Commission 2025; Politico 2025). These are long-standing areas of transatlantic cooperation that have yielded few results, with the notable exception of coordinating export controls on Russia in response to its war in Ukraine. It is therefore hard to assess how meaningful these new commitments are.

The EU's commitment to eliminate industrial tariffs is unlikely to significantly affect EU industries, as these tariffs are generally low and already zero for all countries with which the EU has concluded free trade agreements (Berg 2025). The one exception is automobiles, where the EU's tariff is relatively high (10%), and the United States is a major producer, although American cars are not necessarily to European tastes. The EU's pledges on weapons and energy purchases, as well as new investments, are not binding (Berg 2025). The deal is very one-sided, but key EU industries – aviation, pharmaceuticals and semiconductors – avoided the worst that might have happened, and the EU did not concede much of economic significance. However, the agreement only mitigated the harm caused by higher US tariffs. By forestalling a trade war but not restoring the economic relationship to the way it was at the end of 2024, let alone improving it, the deal is a manifestation of 'muddling through'.

The agreement, however, is fragile for three reasons. One is that there is opposition to the agreement in the EU. In particular, the European Parliament must approve lowering tariffs on US industrial and agricultural goods and it is considering amendments that would alter the agreement by making the preferential tariffs only temporary, allowing the EU to suspend preferential treatment if there is a surge in

US imports and postponing EU tariff cuts on aluminium and steel until the United States reduces its own tariffs on the metals (Lowe 2025). The Commission will not be able to accept these changes to the deal, so there is likely to be a protracted process before the Parliament adopts the legislation necessary to implement the EU's side of the deal. The United States has already expressed its unhappiness at the delay (Williams and Bounds 2025). Another reason the deal is fragile is that the Trump administration is known for coming back with further demands after an agreement has been reached (Sandbu 2025). For instance, since the deal, it has demanded that the EU ease environmental rules that impose burdens on US firms (Hancock, Foy and Bounds 2025). The United States, therefore, might threaten even higher tariffs to pressure the EU to change regulations that irritate US companies. The current deal is not great, but things could get worse.

The third source of fragility runs in the opposite direction. On 5 November 2025, the U.S. Supreme Court heard oral arguments on whether President Trump's use of IEEPA to impose sweeping tariffs exceeded his authority, as two lower courts had found. Based on the justices' questioning, there is an expectation that the Court will rule against the President in the next few months. If it does, the IEEPA tariffs that are part of the reason for the EU-US deal will go away. As the real benefits (such as they are) for the EU are due to the caps on the Section 232 tariffs, it would probably not be in the EU's interests to try to renegotiate the deal, even if new tariffs are not imposed under other provisions.

Possible policy options for the EU

Although the EU contemplated imposing retaliatory tariffs, it has thus far chosen compromise over confrontation. As a result, there has not been a transatlantic trade war. Several commentators have criticized the EU for not retaliating, which might have led the United States to accept terms more favourable to the EU (Alemanno 2025; Baldwin 2025a, xii; Bounds et al. 2025; FT Editorial Board 2025; Malmström 2025). French President Macron lamented that the EU was not 'feared enough' by the United States (quoted in Caulcutt et al 2025).

While sufficiently robust retaliation might have made the United States more willing to strike a more favourable deal, the downside risks for the EU were considerable. In particular, the United States has 'escalation dominance' for at least two reasons (see also Berg 2025; Gehrke 2025). First, the EU relies on the United

States militarily, which is particularly important in the context of Russia's war in Ukraine (Alemanno 2025; Berg 2025). Sabine Weyand, the EU's director-general for trade, explained that 'The European side was under massive pressure to find a quick solution to stabilise transatlantic relations with regard to security guarantees' (quoted in Ganesh 2025). Second, European leaders have been more concerned than Trump about the adverse effects that imposing tariffs would have on their economies. Given those economic and security concerns, the member states were unwilling to support a trade war with the United States (Berg 2025; Bound et al. 2025; Malmström 2025).

There are three intersecting issues confronting the EU going forward: 1) How to mitigate the negative economic costs of the United States' new, higher tariffs; 2) How to reduce the EU's dependence on the United States to improve its bargaining position; and 3) How to respond should the United States come back with further demands for politically unacceptable changes to EU policies. The first and third of these issues might be affected by the Trump administration's emerging concern about the harmful impact of tariffs on prices in the wake of dramatic Democratic victories in November's elections (Desrochers 2025; Swanson et al. 2025).

The EU has already taken steps to mitigate the consequences of losing access to the US market. The Commission has begun the process of signing the EU's trade agreement with Mercosur and its upgraded agreement with Mexico. It has also finalized negotiations with Indonesia and is pursuing negotiations with India, Malaysia, the Philippines, and the United Arab Emirates (UAE). Even combined, however, these economies come nowhere near the importance of the US market (see Table 7.3). Given the EU's economic and geopolitical concerns about China, a trade agreement with China is out of the question (see Chapter 6 in the present report). There are no other significant markets with which the EU does not already have preferential trade agreements. There is, however, scope to improve trading arrangements with the UK and Switzerland, which accounted for 13% and 7% of EU exports in 2024, respectively (García Bercero et al. 2024). Nonetheless, the EU will not be able to offset the loss of access to the US market through trade agreements. That said, the White House's greater concern about the cost of living raises the possibility that the EU might be able to secure tariff relief for additional

products (Foy 2025; Gus 2025).

Table 7.3 European Union exports to selected markets in 2024

	€ million	Share of extra-EU exports
United States	532,697	21%
Mercosur	55,168	2%
India	48,701	2%
UAE	44,389	2%
Malaysia	17,854	1%
Indonesia	9,810	0%
Philippines	7,730	0%

Source: *Author's own calculations based on Eurostat (2025).*

Given the limited scope for securing improved market access, there is a strong case for the EU to look inward to pursue reforms that will both foster economic growth and competitiveness and enhance its military capabilities. The former will help to offset the loss of the US market, while the latter will help to redress the United States' escalation dominance. The EU and its member states have launched initiatives on both goals, but they will take time to yield results, even with greater political impetus.

Brussels will face tough choices if Washington threatens to impose even higher tariffs unless the EU changes its rules on food safety, the environment and/or the digital economy. The EU could choose to retaliate to try to get the United States to back down. To avoid the adverse effects of imposing its own tariffs, the EU might target services – especially digital and financial services – where the United States runs a trade surplus (Gehrke 2025; Sandbu 2025). The EU might also restrict exports of key inputs to US manufacturing, since it accounts for 19% of such inputs and is a particularly important source of pharmaceuticals, chemicals, and manufacturing machinery (Baldwin 2025b). The EU could also limit US firms' access to some key services – including insurance, shipping and commodity trading. Curbing those goods or service exports, however, would negatively affect European firms.

Thus, while the EU has the potential to inflict economic pain on the United States, doing so would significantly harm itself. Rather, it might be better for the EU to simply endure the tariffs and wait Trump out. Arguably, it was not China's retaliatory tariffs that caused the United States to back down during the summer, but the domestic economic and political pain caused by sky-high US tariffs on key Chinese industrial inputs (Baldwin 2025b). Given the administration's greater

concern about the cost of living, particularly with the US midterm elections approaching in November 2026, it might refrain from imposing tariffs or be unable to sustain them for long. Should the EU choose to retaliate against new US tariffs, a trade war would be likely, which would imply the transatlantic trading relationship 'breaking apart'. Continuing to 'muddle through' is probably the preferable approach.

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CHAPTER 8

Transatlantic Trade, the Trump Disruption and the World Trade Organization

Kent Jones*

Economics Division, Babson College, Maryland, United States

Abstract

This chapter traces the evolution of transatlantic trade relations within the rules-based trading system established during the post-Second World War period by the General Agreement on Tariffs and Trade (GATT), which later became the World Trade Organization (WTO). United States-led hegemonic stability supported European recovery through the Marshall Plan and later through backing for European integration, linking trade liberalization with political stability and containment of Soviet influence. As European economies revived, commercial frictions emerged, but most disputes were managed – if not always resolved – through GATT/WTO negotiations and dispute settlement. Globalization created new opportunities but also regulatory tensions that multilateral rules struggled to accommodate. Efforts to craft deeper discipline through the Transatlantic Trade and Investment Partnership (TTIP) ultimately failed amid divergent regulatory approaches. Over time, differences on core WTO principles have eroded the shared legitimacy of panel and Appellate Body rulings. The election of Donald Trump marked a rupture: his use of national security exceptions and abandonment of most-favoured nation (MFN) practices triggered a global trade conflict and challenged the WTO's foundations. The European Union (EU) now confronts difficult choices on diversification, systemic WTO reform and future trade leadership.

Keywords: *transatlantic trade; European Union (EU); populism; World Trade Organization (WTO); Donald Trump*

* kjones@babson.edu

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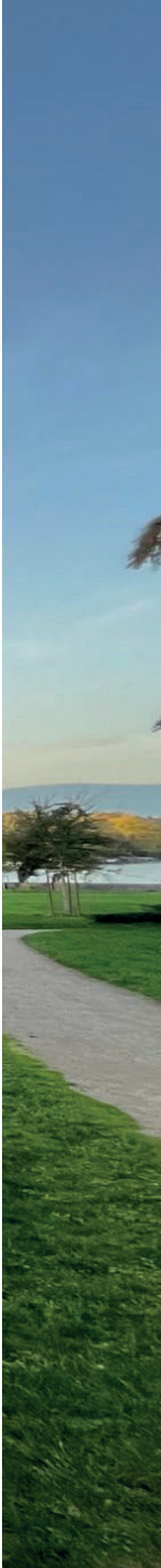

Introduction

Transatlantic trade relations during the post-Second World War period coincided with the establishment of the global trading rules system, first under the General Agreement on Tariffs and Trade (GATT), later transforming into the World Trade Organization (WTO), along with the development of European economic and political integration. While there were numerous transatlantic trade disputes, GATT/WTO dispute settlement provisions and a joint political commitment to peaceful trade relations contributed to joint economic growth and stability. As postwar recovery continued, however, disruptive elements began to appear. The growth in GATT/WTO membership among developing countries – including China – created trade pressures on both the United States and European Union (EU) member states as global trade competition increased. The informal GATT dispute settlement procedures gave way to the more legalistic approach of the WTO, making US–EU disputes lengthier and more contentious.

Meanwhile, the increasingly complex issues of regulatory and trade-adjacent issues prevented a successful conclusion of a formal bilateral US–EU trade agreement. Finally, the mercantilist tendencies of the Trump presidency escalated US–EU trade tensions and led to a significant erosion of WTO rules themselves. With the United States retreating from its former leadership role and institutional obligations in the WTO, the EU was forced to consider various strategies for dealing with the evolving institutional environment of global trade, including leadership or joint leadership in a reformed WTO-like global trading order, an enhanced set of new bilateral trade agreements, or 'muddling through' the current difficulties with hopes of bringing the United States and China back into a reconstituted WTO.

US-led postwar trade, aid and security for Europe

Postwar US trade policy focused on creating a framework for global trade liberalization and economic growth. The launch of the GATT in 1947 established US-centred hegemonic stability, based on common trade rules for all participants, a forum for negotiations and a process of dispute settlement. The most-favoured-nation clause required non-discrimination among trading partners in the system, along with tariff binding through trade liberalization treaties and the peaceful

resolution of trade disputes to prevent trade wars. These institutional features also promoted growing transatlantic investment flows, which reinforced trade growth. All current EU member states joined the GATT (or later the WTO) either before or in conjunction with their EU accession.

Transatlantic trade relations were also linked with postwar recovery through the Marshall Plan (1948–1951) and US support for European economic integration. The US policy goal was to create regional political and economic stability as a bulwark against Soviet expansion, thereby supporting democratic governments in Europe (Gehler 2022). The formation of the North Atlantic Treaty Organization (NATO) in 1949 cultivated a close military and security relationship among the United States, Canada and European countries explicitly designed to deter Soviet aggression. Its membership grew during the Cold War and after the dissolution of the Soviet Union in 1991, and many Eastern European countries formerly aligned with the Soviet Union also joined. Strong US leadership of NATO paralleled the expansion of transatlantic trade, as most European NATO members were also part of the EU. Between 1960 and 2024, transatlantic trade increased in real terms from roughly $100 billion to $8.7 trillion. This expansion corresponds to a compound annual growth rate of 7.3% – higher than the United States' trade growth with all partners (6.3%) and the EU's global trade growth (6.9%).

Transatlantic trade and the GATT/WTO system

Continued postwar economic growth and globalization created further transatlantic trade opportunities but also heightened tensions, driven by competing commercial interests and differing trade policies. These issues were largely contained, if not always resolved, through GATT/WTO dispute settlement and negotiation. In the early years of European integration, trade disputes under the GATT system primarily concerned agricultural issues and clashes over US trading partners' access to the common market (Hudec 1988). As European economic integration expanded and deepened, later disputes became more complex, contentious, longer-lasting and often bitter. The GATT's successor organization, the WTO, took over protracted disputes over allowable government subsidies for Boeing (from the United States) and Airbus (from the EU), the contested safety of beef hormones, banana trade preferences for former EU colonies and controversies over the use and limits of WTO safeguard measures. Yet throughout these years, the GATT/WTO dispute settlement served a valuable purpose by providing an institutional

framework for compartmentalizing such disputes while allowing normal trade relations to continue. The United States and the EU shared an ethos of cooperation that favoured trade liberalization and the stability of trade relations.

However, globalization and the expansion of the WTO to include many developing countries created new pressures on the trading system. Adjustment problems mounted in advanced industrialized countries, reaching a peak after China joined the WTO in 2001. Evolving comparative advantage, combined with increasingly mobile capital in the global economy, culminated in the global financial crisis of 2008–2009, further dampening support for globalization (Hays 2009). The weight of rapid change also put pressure on the dispute settlement system, as many countries used WTO trade law measures and subsidies to protect their domestic industries, which their trading partners challenged. China posed a special problem, as its government support for state-owned enterprises did not neatly fall under WTO subsidy disciplines. Dispute settlement decisions in all these cases did not always satisfy the litigants, and the United States and EU grew increasingly frustrated with certain WTO dispute settlement outcomes, including several between them.

A particularly volatile flashpoint was the growing criticism of the WTO dispute settlement Appellate Body's (AB) controversial decisions, sparking charges of judicial overreach and a violation of WTO members' sovereignty (Miranda and Miranda 2023). President Obama subsequently vetoed the appointment of AB judges he deemed unfair to US interests, an action repeated later by President Trump. Other countries, including the EU, suspected that judicial nominations were becoming politicized (Shaffer et al. 2017). These conflicts culminated eventually in the suspension of Appellate Body activities in 2019. Since then, the WTO dispute settlement body has been unable to litigate cases to completion, a sign that the WTO system has been weakening under the weight of rigid judicialization of dispute settlement (Busch and Reinhardt 2003).

After the founding of the WTO in 1995, multilateral trade liberalization also weakened. Several rounds of earlier GATT/WTO negotiations had lowered global tariffs, but many non-tariff barriers remained. Existing GATT/WTO rules appeared inadequate to secure future gains from trade by removing non-tariff barriers specific to particular industries and governments, calling for new negotiations on trade-related government policies and more flexible dispute settlement rules and processes. Meanwhile, the WTO's protracted Doha Round of negotiations (2001–

2009) failed to achieve broad and comprehensive trade liberalization, suggesting that the WTO had become too large and divided to address the varied issues of its increasingly diverse membership.

With these WTO constraints and shortcomings in mind, many countries turned to regional trade agreements under GATT Article 24, which proliferated rapidly. The United States and the EU also set out to negotiate an ambitious bilateral agreement, the Transatlantic Trade and Investment Partnership (TTIP). Negotiations began formally in July 2013, creating 24 joint working groups that indicated the complexity and breadth of the negotiations. The most important issues focused on harmonizing regulations and reducing non-tariff barriers. Yet the negotiating bandwidth was not wide enough to accommodate cross-cutting trade and non-trade issues, including climate change, financial regulations, subsidies, labour standards and health and safety measures. Bargaining over trade-offs across so many sectors of public interest was especially difficult since their trade negotiators could not effectively represent adjacent environmental and social health interests in their home capitals in a coordinated manner.

Furthermore, limited public access to information on the negotiations sparked a backlash in both the United States and the EU, and a final agreement would have required contentious ratification in all EU countries and in the US Congress. The election of Donald Trump – no friend of trade cooperation – to the presidency in 2016 stalled the TTIP talks shortly afterwards, and the European Commission (EC) abandoned the negotiations in 2019. Since then, a US–EU agreement of deeper economic integration has remained out of reach.

The Trump shock

The WTO, in its already weakened state, faced threats to its very foundations with the election of Donald Trump in 2016, and transatlantic trade relations suffered as a result. Trump's presidential campaigns combined anti-immigrant rhetoric with a protectionist platform linking imports with de-industrialization, which he described as 'American carnage'. He placed blame for both issues at the feet of 'global elites', whom he accused of opening US borders to illegal immigrants and job-stealing trade agreements. Trump's political strategy was typical of right-wing populism, instilling anger in his base of disaffected, culturally conservative 'true Americans' against liberal elitist internationalists.

Trump also had a long-standing fascination with tariffs as the key to a country's prosperity, but unlike other populist leaders, he was uniquely positioned to attack the foundations of the global trading system. Not only was the United States the world's largest import market, but it was also the country most responsible for founding and leading the GATT/WTO system. Trump adopted a zero-sum mercantilist approach to trade in which imports amounted to a loss of national wealth and exports served as the primary measure of economic strength. In this framework, tariffs became a form of retribution against countries Trump accused of dumping 'unwanted' imports into the US market. He also asserted that tariffs were always paid by foreigners, a key element of his false claim that tariffs do not raise prices.

In his first administration, Trump waged a trade war with China and imposed national security tariffs on steel and aluminium under Section 232 of the U.S. Trade Expansion Act of 1962 (the so-called 'Section 232 tariffs'). This move was his first significant anti-WTO action, a subversion of GATT Article 21. The rarely used provision had always been reserved for member countries facing demonstrably hostile foreign actions from other member countries, against which they could legitimately suspend GATT/WTO rules and restrict imports. Trump declared that the United States could self-declare a national security emergency for any reason, including unemployment and reduced output in 'strategic' industries. Other WTO members, he asserted, could not challenge the US decision or retaliate against it. This reinterpretation of the rules opened the door for any WTO member to unilaterally raise tariffs on any domestic industry for any self-declared national security reason. All foreign suppliers of steel imports to the US, not least the EU, were surprised to discover that their shipments suddenly represented a security threat to their largest trading partner and erstwhile trade ally. In his second term, Trump extended Section 232 tariffs to cover automobiles, auto parts, copper, pharmaceuticals, kitchen cabinets, bathroom vanities and heavy trucks, with more products planned (Covington and Burling LLP 2025).

However, Trump had even broader tariff plans, having devised a narrative of global foreign responsibility for US trade deficits. He announced a set of tariffs against nearly every country, while abandoning all negotiated WTO tariff commitments and the MFN clause completely. Denouncing what he considered an unfairly low, long-standing US effective tariff rate of approximately 2.1%, he devised a set of variable 'reciprocal' tariffs based on a flawed economic explanation of trade imbalances and applied them in a discriminatory manner, ranging from

10% to 49% (Doherty 2025). Each US trading partner would have to submit concessions to Trump individually to avoid his unilateral tariffs and gain any additional access to the US import market, usually in the form of greater and sometimes preferential market access for US exports, the elimination of what Trump deemed unfair non-tariff barriers, and commitments to make significant foreign investments in US-based manufacturing. Trump's goal in his trade policy was to achieve total control over tariffs and trade negotiations. To this end, he chose to impose his global tariffs under the International Emergency Economic Powers Act (IEEPA), which he interpreted as giving the president complete control over trade policy by executive order. Tariff rates and their duration would be at the president's discretion and subject to change at any time, according to his preferences, without congressional ratification or mandatory review.

The Trump–EU trade framework

Trump's abandonment of WTO rules became abundantly clear in his announcement on 2 April 2025 of unilateral tariff increases that discriminated among countries, followed by bilateral negotiations with the EU and other countries. These measures violated GATT articles 1 (MFN) and 2 (tariff binding). The primary basis for US 'emergency' tariffs was a long-standing US trade deficit, which appears inconsistent with GATT Article 21 (Kho et al., 2024). In bypassing WTO dispute settlement procedures, the United States also violated Article 3 of the Dispute Settlement Understanding, which was meant to prevent trade wars, a key underlying motivation in establishing the original GATT. The Trump negotiations were entirely bilateral and one-sided, with his demands for concessions in exchange for US import market access, violating the WTO norm of multilateralism and the provisions of GATT Article 24. US demands for preferential market access to the EU in certain products further violate GATT Article 1. In addition, final tariffs in the US–EU agreement were not bound, a further violation of GATT Article 2, leaving open the possibility that Trump could unilaterally raise those tariffs in the future (WTO 1999).

The initial US tariff assigned to the EU was an alarmingly high 30%, along with special Section 232 tariffs of 50% on steel and aluminium. From the perspective of the initial US tariffs, the Trump–EU 'framework' agreement was greeted with relief by many EU officials, even though the final 15% baseline tariff was more than twelve times the average US tariff rate of 1.2% on EU goods that prevailed at the

end of 2024 (see U.S. Department of Commerce 2025). Young (chapter 7 in this report) provides details of its provisions. EU trade officials, like those from other countries, had faced a one-sided, coercive negotiation. Many observers complained that the EC had failed to fight hard enough for EU economic interests through retaliation (Stiglitz 2025). The final package, however, seemed to indicate that the United States softened its terms, perhaps to forestall possible EU retaliation, as shown by lower US tariffs and more exemptions than originally announced. Christine Lagarde (2025) insisted that EU tit-for-tat escalation would only have provoked the tariff-loving Trump, risking a much worse outcome for the EU (see also Baldwin 2025, 83–92). An economic perspective suggests that retaliation would be justified only if it forced the United States to back down from a multi-stage trade war, which typically amplifies economic damage to all parties. The EU did in fact prepare retaliatory measures that could have demonstrated its resolve, including limiting US tariffs on automobiles and pharmaceuticals, two of the EU's most valuable export products (UN Comtrade 2025).

While the framework agreement contains specific tariff commitments, it lacks the structure and specificity of a WTO treaty. US negotiators were careful to make the US tariff rates contingent on European Parliament approval of its new US trade obligations, but there is no corresponding mention of required US congressional approval or ratification, presumably since Trump was basing the agreement on an executive order with no congressional input. The United States' obligations therefore appear not to be treaty obligations. Another aspect of the deal is that EU commitments on natural gas and computer chip purchases, and on $600 billion of foreign investment in the United States, appear not to be legally enforceable, as they involve largely private, contingent commercial transactions and investment. If these or other targets are not met, the question arises as to what recourse the United States will have to redress the EU's noncompliance. The answer appears to be that Trump, through the end of his term in 2028, would be able to raise US tariff rates on EU goods unilaterally in response.

Outlook for the European Union

Despite many trade disputes between the United States and European countries since the end of the Second World War, the GATT/WTO transatlantic trade rules enabled trade to expand. Dispute settlement procedures, while imperfect, tended to keep trade conflict separate from broader trade relations until Trump's second term.

The best strategy for the EU in response to Trump's disruptions is therefore to seek, as much and as broadly as possible, to expand rules-based trade with its non-US trading partners. Trade with the United States will require an extended period of capricious tariff policies by Trump and possibly his successors, but the framework agreement with the United States suggests that the EU is likely at least to maintain access – albeit reduced – to this valuable import market in the meantime. 'Muddling through' the current US–EU trade framework will probably require the EU to adopt a transactional (rather than rules-based) approach to transatlantic trade, involving sector-by-sector or item-by-item bargaining, matching Trump's mercantilist instincts. After Trump leaves office, it may be possible to establish more systematic and predictable trade relations, as US businesses are likely to push for a more open and predictable trade and investment environment.

Nonetheless, the EU should seek to apply WTO rules in expanding its export markets through new trade agreements (see Poletti, chapter 6 in this report), as growth in international trade is likely to occur outside the United States, especially in Southeast Asia (Altman and Bastian 2025). Inevitably, EU trade expansion under WTO rules could trigger threats and sanctions from the United States if it persists in forcing its trading partners to grant preferential treatment to US exporters, in violation of MFN rules. Managing this problem will be challenging in any EU efforts to 'muddle through' mercantilist US trade policies. Yet the EU and other countries have continued to apply WTO rules to their non-US trade, and the United States is likely to reach the limit of its ability to bully its trading partners into cheating on WTO rules they wish to maintain as long as the United States remains a WTO member. Successful WTO-based trade expansion by the EU and other countries could also provide an incentive for the United States to return to the same rules.

Planning trade policies for the future, however, is difficult because of uncertainties in the short- and medium-term. Trump's tariffs are unpopular with the US electorate, but there will be no legislative check on his policies as long as Republican majorities in Congress remain beholden to him. However, Democrats will challenge these majorities in the 2026 midterms and the 2028 presidential election. It remains unclear who will run for president in 2028. Vice President J.D. Vance appears to be Trump's successor for the nomination, but it is not certain that he commands the loyal following that Trump has. The Democratic Party, for its part, has no clear leading presidential candidate at this writing, and no clear alternative trade policy platform to rally around. A more trade-friendly US president from either party could

eventually move the United States back towards trade policies consistent with WTO rules, but this may also depend on reforms in contested WTO rules and dispute settlement procedures, especially as they pertain to China's trade policies.

A more immediate issue, unresolved at this writing, is the US Supreme Court (SCOTUS) case challenging the constitutionality of Trump's IEEPA tariffs. SCOTUS has agreed to expedite the decision, but is not bound by a timetable, and its verdict may not be definitive. A verdict vindicating Trump's tariffs would allow them to stand indefinitely, or until Congress succeeds in challenging them. An unconditional overturning of Trump's tariffs would cause them to revert to a pre-Trump effective level of 2.1%. Yet compromise verdicts might allow the tariffs to continue, subject to duration or level limits, or to additional congressional oversight or legislation (see Miller and Chevalier 2025). Even a complete reversal of the IEEPA tariffs is unlikely to deter Trump from imposing additional tariffs under other emergency trade laws, especially Section 232 (Werschkul 2025).

Beyond US domestic politics, geopolitical uncertainties abound. The vacuum left by Trump's abandonment of US leadership in the WTO, if it continues, will require a large country or a coalition of countries to fill or coordinate new institutional leadership roles. The difficulty of resetting WTO rules-based trade is that no single country can replace the United States in terms of economic size, political influence, financial market depth and reserve currency status, elements that reinforced the United States' previous leadership of the global trading system. The United States may eventually re-emerge from its Trumpian protectionism to reclaim leadership of the multilateral trading system. Still, a prolonged period of US tariffs and economic nationalism is likely to severely weaken the US economy. The more US economic and political attributes erode due to self-inflicted damage, the closer the United States comes to forfeiting its chance to return to its previous position of global hegemonic leadership.

In the meantime, the EU's role in the future trading system faces a highly volatile global institutional environment marked by geopolitical divides, scepticism towards globalization, and a general lack of international trust and cooperation (Zelicovich 2022). The EU will first need political consensus among its own member countries to pursue a broader role in global trade governance and corresponding enthusiasm from its potential partners in leading any post-US trading system.

A crucial issue in this regard is devising a system that can accommodate, if not

discipline, China and its state-managed trade policies. The United States missed the opportunity to rally other countries to common action regarding China's opaque trade interventions through negotiation and reform of WTO rules. In the absence of US leadership, a revitalization of rules-based trade liberalization will require a strong coalition of countries to bargain together to address this problem. Only then might large regional trade alliances such as the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP), the EU and perhaps others merge, possibly eventually drawing in China and the United States as well, to provide the critical mass for a new global trade institution. The ability of the EU to take on a more prominent role in global trade leadership will depend on the strength of its internal economy, its internal political cohesion, its foreign policy engagement and its skill in trade diplomacy (see Smith 1999). If the EU is not capable of the sort of hegemonic leadership the United States once exercised, a different, more fragile institutional model of cooperative trade leadership will be necessary. Yet an EU committed to WTO principles will still be able to play a crucial role in achieving institutional change alongside other trading powers.

The Trump trade war, disruptive as it has been, may ironically provide an opportunity for the EU and other WTO members to correct, reform and strengthen WTO rules and processes of dispute settlement and trade liberalization for all countries. The EU should continue its efforts to bridge the gap in WTO dispute settlement through its Multiparty Interim Appeal (MPIA) initiative (Wouters and Hegde 2022). The scope of policy space in trade agreements, issues related to changing technologies, and the WTO consensus rule should all be on the table for reform. Differences in trade-related environmental, labour and human rights preferences, as well as dissimilar approaches to regulation, need to be made compatible with normal trade relations at the global level. One potentially important, but so far little-used, provision of the WTO is Annex IV, allowing sub-groups of WTO members to conclude plurilateral agreements on smaller agendas of specific issues, while being open to the accession of new members. Hoekman et al. (2025) suggest this approach for negotiating new agreements among like-minded countries on environmental and other trade-related issues. Negotiating such agreements could free the WTO from its consensus straitjacket, which has stymied progress on many trade liberalization proposals. The EU in particular would benefit from a 'variable geometry' of social interests in trade policy that are currently difficult to pursue within the existing WTO framework. Adapting to the realities of globalized, developmentally diverse, environmentally sensitive and geopolitically engaged world trade, perhaps on an incremental basis, is likely to be essential for its institutional survival.

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SECTION 3

INTERNATIONAL INSTITUTIONS

CHAPTER 9

Overview and Background: International Institutions, Populism and Transatlantic Relations

Michael Smith*
Department of Politics and International Studies, University of Warwick, UK

Abstract

Populist politicians and parties view international institutions as instruments of competing state interests and see global governance as empowering a detached globalist elite that must be challenged in the name of the people. This stance contrasts with perspectives that treat international institutions as semi-autonomous actors or as arenas that facilitate communication and responsiveness across societies. The two Trump administrations represent an extreme form of United States (US) unilateralism and 'domesticism', prioritizing domestic needs as the foundation of international leadership. Although the European Union (EU)'s long-standing commitment to multilateral institutions has been modified in recent years—partly in response to US pressure and partly due to internal populist currents—it continues to support transatlantic and global governance. The progression from 'Trump 1.0' through the Biden administration to 'Trump 2.0' reflects both enduring trends in US foreign policy and a weakening of constraints on presidential action. Whereas 'Trump 1.0' faced domestic and international limits, and Biden only partially restored multilateralism, 'Trump 2.0' pursues a far more radical and unconstrained agenda. These policies reshape international institutions and the broader international order, posing both risks and limited opportunities for the EU. The chapter outlines three strategic responses for the EU: *reflex, resistance* and *reconfiguration*, applied across the volume's three scenarios.

Keywords: *United States; Trump administrations; European Union; international institutions; multilateralism.*

* M.H.Smith@warwick.ac.uk

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Introduction: The challenge

The current tensions between the United States (US), the European Union (EU) and other actors in transatlantic relations can be seen in part as a continuation of a number of trends. Since the growth of what might be termed the Euro–American system in the 1950s, there have been tensions centring on US leadership and how it is exercised, the emergence of the European integration project and its impact on transatlantic relations, and the changing domestic politics of the United States, European countries and what is now the European Union (Smith, Guay and Morgenstern-Pomorski 2025, chapter 1; Sloan 2016). Although the Euro–American system has become largely encompassed by the US–EU relationship, there are other important dimensions, particularly in security politics, where the North Atlantic Treaty Organization (NATO), established in the late 1940s and 1950s, retains a central role and has itself been a long-standing focus of transatlantic tensions over burden-sharing and the contributions of the allies. Such tensions, although at times severe, have largely been contained: partly as a reflection of common threat perceptions, partly as a reflection of shared values and a commitment to liberal democracy among the members of the system. This does not mean that everything has been plain sailing: almost every decade since the 1950s has seen transatlantic crises, some of which (for example, over the Iraq War in 2003) have been seen as presaging the 'death of the west' (Lieven 2003, Pond 2004).

Many of these crises and continuing tensions have centred on the role of international institutions. US leadership has on many occasions veered towards US unilateralism and towards 'domesticism' – the tendency to put US domestic politics and economics first, and to see international institutions as inconvenient interlocutors to be avoided or attacked if they cannot be manipulated. This inclination is evident both in the broadest terms – for example, the idea of a rules-based international order and the centrality of international law and diplomacy – and in respect of specific institutions, for example, those of the international financial order. At the same time, Europeans and particularly the evolving European Union, have placed their faith in multilateralism, the rules-based order and in the legitimacy of international institutions; this is hardly surprising given the genealogy of the European project, and the ways in which engagement with international institutions endows the EU with international legitimacy. Collective defence and NATO's role as a European security organization have also fostered a form of multilateralism, qualified by the United States' dominant role as the alliance's key contributor.

Given this broad background, what are the specific characteristics of the current transatlantic challenge to international institutions? At one level, it is the challenge of populist approaches to international order. Both in Europe and in the United States, the current politics of populism imply a super-charged priority for domestic politics, the assertion of sovereignty and forms of nativism as the basis for foreign policy, and thus a version of international order based on the power and interests of competing states (Wainer, Destradi, and Zürn 2024; Pacciardi, Spandler, and Söderbaum 2024). As a result, the EU has been challenged from within by member states asserting their right to dissent from or obstruct policies, and externally by the actions of the United States under the two Trump administrations (2017–2021 and January 2025 to the present). In this version of international politics, the role of international institutions is fundamentally challenged: they can be seen as either instruments of the dominant states or as obstacles to the legitimate actions of national authorities. This set of views constitutes a challenge to principles of multilateralism, to ideas of global governance, and to the idea that international institutions can become either independent actors in specific fields or spaces for the development of ideas about a wide variety of activities in areas such as development, conflict resolution, human rights or the environment. Populism sees these activities as generating a cross-national elite, which in itself is a challenge to the will of the people and the needs of the national state.

In this context, the advent of 'Trumpism' as a form of populism and potential authoritarianism has major resonance. Such a stance by the United States is in itself not unprecedented; the predominance of isolationism in the 1920s and 1930s, and elements of Reaganism in the 1980s can be seen as precursors or sources of the Trump posture (in fact, 'America First' and 'make America great again' have been revived by Trump as slogans, not created by him). Here, the influence of domesticism is both explicit and wide-ranging, and is made more potent by the United States' position as (still) the predominant economic and military power in the global arena. That arena is changing, and the emergence of new rivals to the United States is another key element in the current and continuing challenge; most notably, the rise of China and the revisionism of Russia has provided a stimulus to the projection of US domestic concerns and a determination to place American interests at the core of international action. No clearer illustration of the implications for international institutions can be found than in the US National Security Strategy published in December 2017, at the end of the first year of the first Trump administration:

> The United States will prioritize its efforts in those organizations that serve American interests, to ensure that they are strengthened and supportive of the United States, our allies, and our partners. Where existing institutions and rules need modernizing, the United States will lead to update them. At the same time, it should be clear that the United States will not cede sovereignty to those that claim authority over American citizens and are in conflict with our constitutional framework. (The White House 2017, 40)

Such a statement is a clear departure from the principles of multilateralism: the idea that international institutions can add value and contribute to global public goods in a wide range of issue areas. No less is it a challenge to the established principles of EU external action, which embody a commitment to multilateral institutions as a core value, explicitly stated in the Global Strategy of 2016:

> Without global norms and the means to enforce them, peace and security, prosperity and democracy – our vital interests – are at risk. Guided by the values on which it is founded, the EU is committed to a global order based on international law, including the principles of the UN Charter, which ensure human rights, sustainable development and lasting access to the global commons…The EU will strive for a strong UN as the bedrock of the multilateral rules-based order, and develop globally coordinated processes with international and regional organisations, states and non-state actors. (European Union 2016, 39)

For the EU, this general challenge from its most important international partner has, in part, been linked to challenges from within: the governments of Hungary, Slovakia and – until the elections of 2023 – Poland have challenged the legitimacy of EU actions and have professed their alignment with Trumpian populism. Although there have been some moves in EU external action away from strong multilateralism (partly as a result of pressure from the United States), the contrast remains stark (Youngs and Smith 2018; Smith 2018). Whilst Trumpian policies see international institutions as arenas for competition and as subordinate to national priorities, the EU still collectively prioritizes them as contributions to the global order and as arenas within which it can realize its role as a 'power' in the global arena.

From ‘Trump 1.0’ to ‘Trump 2.0’

There is no doubt that leaders in the EU saw the first Trump administration as a severe challenge, not only to specific EU interests but also to the norms of multilateralism and the rules-based international order on which the EU’s international legitimacy partly rested (Peterson 2018; Riddervold and Newsome 2018). In May 2018, the then president of the European Council, Donald Tusk, identified the US administration as a ‘capricious’ challenge, reinforcing the case for greater EU self-reliance (Tusk 2018). The four years of ‘Trump 1.0’ constituted a period of constant tension, not only relating to the EU and its policies (described by Trump as a ‘foe’) but also to the underpinnings of the EU’s international status. The Trump attack on international institutions, focused on the World Health Organization (WHO), the United Nations Educational, Scientific and Cultural Organization (UNESCO), the World Trade Organization (WTO) and a range of other agencies, called into question the status of international institutions in general, whilst the administration’s attacks on NATO threatened one of the key enabling pillars of the European project. On the whole, though, the worst did not happen: the administration was constrained domestically by its evident lack of preparation, and thus was unable to bend institutions such as the State Department to its will whilst experiencing internal conflicts that further weakened its capacity to act. At the same time, the residual effects of the Liberal International Order (LIO) and its rules-based system were able to moderate at least some of the Trump initiatives (Peterson 2018; Smith 2018, 2021; Schade 2023).

Part of the EU’s response to the Trump administration between 2017 and 2021 thus actually amounted to a policy of ‘wait and see’. European resistance to the erosion of the multilateral order was at least in part possible because of the limitations of ‘Trump 1.0’ and the Union’s capacity to muster collective resilience; in part, the Union’s leaders could hope that something better might emerge after the 2020 presidential election. The installation of Joe Biden as president in 2021 seemed to indicate that the period of contestation and disruption might be no more than a major blip or ‘bump in the road’ towards renewed EU–US cooperation and a reinvigoration of international institutions. European leaders, including the European Commission, certainly seemed to assume as much. In November 2020, immediately after the presidential election, the Union produced a paper aimed at setting a new agenda for transatlantic cooperation (Joint Communication 2020), whilst the nascent Biden administration was anxious to demonstrate its credentials in multilateral cooperation, global governance and transatlantic cooperation. To

quote the new president in his first foreign policy address, 'America is back', and, to all intents and purposes, this presaged a new era of transatlantic convergence regarding the EU, NATO, and global institutions, including a number of those exited by 'Trump 1.0'. The changed atmosphere of United States–European interactions was perceptible in a number of areas, with new agreements, new institutions such as the EU–US Trade and Technology Council and an absence of either verbal or more material attacks on the status and standing of the Union or NATO. The invasion of Ukraine in February 2022 led to intense cooperation in terms of both economic and diplomatic sanctions and of the broader diplomacy of European order, whilst also re-energizing the role of NATO and of bilateral military cooperation at the transatlantic level. By the time of the 2024 EU–US Summit, the declaration could say without irony that 'we are more united than ever'.

That statement appears strikingly irrelevant in light of developments since November 2024. The election of Donald Trump to a second term in November 2024 and his inauguration as president in January 2025 created an expectation of disruption and unpredictability not only in United States–European relations but also in world order more generally. It was clear from the outset that the new (returning) president had a much more well-defined agenda than in 2017, that he intended to implement it with urgency, and that there would be a much more thorough-going pursuit of the 'America First' agenda proclaimed at his first inauguration, underpinned by a more systematic approach to the purging of the federal government and in particular those elements dedicated to foreign policy and international relations (Chazan 2025; Chazan and Sevastopulo 2025). The evisceration of the U.S. Agency for International Development (USAID), the imposition of punitive 'reciprocal' tariffs on friend and foe alike, withdrawal (for the second time) from global climate institutions and from others such as the WHO and UNESCO, added up to a revolutionary attack on established international norms and processes. For NATO's European members, the exercise of what might be termed 'coercive alliance diplomacy' in US efforts to increase contributions to the alliance led to a 'deal' that promised to reduce US commitments whilst yielding major returns for the US defence-industrial complex. For the EU, built on foundations of international cooperation and dedicated to ideas of multilateralism and global governance, Trump's policies were an assault not only on its assumptions about partnership with the USA, but also on its claim to broader legitimacy as an actor within the multilateral system and a guardian of important norms and institutions. The conclusion of a strikingly one-sided EU–US trade agreement in the summer of 2025 only served to underline the apparent challenge

to the EU's status and expectations, whilst the agreement of NATO members to raise their defence spending to 5% of GDP over the next decade bore witness to the 'coercive diplomacy' exercised by Washington over its allies (Foy et al. 2025; Ganesh 2025). In September 2025, the address by President Trump to the United Nations General Assembly, in which he attacked not only the UN itself but also European countries, and provided a further onslaught on the efficacy of international institutions in general, provided a chastening confirmation of the new world that had taken hold in only a matter of months.

The impact of 'Trump 2.0'

What does the new world of 'Trump 2.0' imply for international institutions? At one level, US policies seem to imply the final dismantling of the liberal international order, with its assumptions about the role of international law and organizations and the benefits of international cooperation. As already noted, however, the pressures on the established order had been growing for many years even before the first Trump administration took office in 2017. But the second Trump administration has a much more developed idea of the uses of power and how the US position in the world can be exploited (Belin and Dworkin 2025; Kimmage 2025). In this context, the challenge posed by 'Trump 2.0' is not simply to specific institutions but also to key practices associated with the established international order. International law is to be seen as an instrument of state policy, and thus as capable of reinterpretation in line with the interests of leading states; diplomacy is redefined as a form of performative process, in which diplomatic events can be presented as 'good television' foregrounding the presence of President Trump; international organizations are seen as dispensable in light of the needs of the United States and other major 'powers'.

One of the first executive orders issued by President Trump mandated not only withdrawal from the WHO and UNESCO, but also a comprehensive review of all international organizations and their ability to serve US interests (The White House 2025). At the same time, funding for a wide range of international bodies was cut, partly due to reduced USAID funding and partly as part of a broader strategy aimed at the US withdrawal from international cooperation. The United Nations system, according to one commentator, was at risk of being reduced to the status of the League of Nations during the interwar period from 1919 to 1939 (Patrick 2025), and the roles of individual organizations have been attacked across

a very broad front. In addition to the familiar targets of the WHO and UNESCO, challenges to the WTO, the Human Rights Council (UNHRC), the International Organization for Migration (IOM), the International Maritime Organization (IMO), the International Criminal Court (ICC), and the UN Relief and Works Agency in Palestine (UNRWA) as part of the ongoing conflict in the Middle East have been mounted (see chapter 10 of this report). Not only is the UN system at issue: as previously noted, continuing attacks on bodies such as the Group of 7 (G7) industrial economies and regional organizations such as NATO and the EU itself have proliferated.

The impact of these strategies is not limited to the activities of the specific organizations targeted; it also extends to the expectations and strategies of a wide range of states in the global arena. In particular, it extends to the other 'great powers' and 'middle powers' within the international system. Where the US withdraws or distances itself from organizations, this can open up space for the injection of new forms of multilateral cooperation, for example in the form of Chinese diplomacy surrounding the Shanghai Cooperation Organisation (SCO) or the BRICS (Brazil, Russia, India, China and South Africa) grouping which has now extended to include a range of regional powers as well as its core members (Rachman 2025). As a result, the nature and extent of multilateralism in the world arena is in a state of flux – the old order has been undermined, but a new order is struggling to be born.

For the EU, part of the impact is felt in the well-established tension between the Union's internal politics and the external challenges posed by US policies. One of the key features of Trumpian policies is that they expose vulnerabilities and tensions within the EU: most obviously in the form of differential economic pressures arising from the erosion of international order in areas such as trade (see section 2 of this report), but also in the tensions observable between member states more or less receptive to Trumpian ideas. In the field of international institutions, the EU has been challenged to maintain its solidarity with the UN system and other global governance bodies. It has been challenged more fundamentally to maintain its commitment to multilateralism and to defend its investment in the institutions of the liberal international order, from which it derives important measures of legitimacy and leverage. The potential for marginalizing the EU's efforts, both in Europe and on the global stage, is real as relations among a number of potentially dominant powers come to define the new world order. In this context, the capacity of EU institutions to develop strategies and support effective diplomacy becomes

crucial. This insight was central to Ursula von der Leyen's 2025 State of the Union address to the European Parliament, which focused strongly on how the Union might respond to both the challenges and the opportunities in the current conjuncture (von der Leyen 2025).

Strategies and possibilities

How might the EU frame its responses to the challenges set out in the previous sections, with particular reference to international institutions? In her State of the Union address, President von der Leyen was anxious to underline the extent to which the EU can – and should – assert its agency in a fluctuating and potentially threatening environment. This posture is reflected, at least in part, in the three potential strategies outlined here: *reflex, resistance* and *reconfiguration*.

1. Reflex would primarily consist of adaptation to the new order, and in particular, the accommodation of US policy challenges. This strategy has risks attached to it – the most obvious being the danger of perceived dependency on the US, and the potential for forms of appeasement, as reflected in some of the accusations levelled at the EU–US trade agreement of July 2025. A corollary of this posture is that the EU's agency and legitimacy in international institutions might be reduced or eliminated – a major blow to perceptions of the EU as a multilateralist and as a force for the consolidation or preservation of international institutions.

2. Resistance would imply the use of the EU's position in international institutions as a means of standing up to US policies, and actively promoting alternatives to the Trump administration's initiatives through the exploitation of 'competitive interdependence' or 'competitive strategic autonomy' as outlined by Erik Jones in chapter 5 of this report. As with 'reflex' strategies, there are costs and risks attached to this course of action; most obviously, the costs and risks associated with the Trump administration's well-known tendency to punish those who stand up to it. It is quite difficult to see how the EU could avoid considerable costs if it adopted a policy of active resistance to the Trump administration, and as noted earlier, those costs would likely be unevenly distributed among member states. One of the consequences of a policy of active resistance would thus be heightened pressures on the EU's internal policy processes, and the risk of 'de-Europeanization' strategies being pursued by a number of member states.

3. Reconfiguration is a third potential strategy for the EU in terms of its engagement with international institutions. In other words, in this strategy, the Union would develop new forms of multilateral bodies or press for the reform of existing bodies to make them more resilient in the face of pressures not only from US policies but also from the rise of new forms of multilateralism noted earlier. Such an incremental strategy would imply an emphasis on the EU's agency within international institutions and an active attempt to shape their development in the face of challenges that are unlikely to disappear with the end of the current Trump administration. Such an 'assertive' or 'creative' multilateralism would by no means be cost-free, but it would have the virtue of coherence and consistency with the EU's core values, as frequently stated.

Where does this leave us in respect of the three scenarios for the future of transatlantic relations outlined at the start of this volume? The disintegration of transatlantic relations has been prophesied on many occasions, and the current conjuncture suggests it is a possibility. There has undoubtedly been fragmentation during the past decade, and the danger is now more explicit than ever. But the sinews of transatlantic relations, both public and private, are robust and are likely to contain the damage at least in the medium term. It is not clear that there is scope in the near term for significant progress, as long as the challenges to international institutions reviewed here persist: quite simply, the US attack on multilateralism and the rise of multiple bilateralisms are not encouraging for the future of international institutions. Most likely, there will be at least a period of muddling through, but this should be qualified by the remarks above on strategy. Simply put, the EU has an opportunity to assert and maintain its multilateral credentials and to contribute to a creative period of muddling through, in which the resilience of international institutions is enhanced, and they are reconfigured to face a challenging new world order.

The following chapters reflect a number of these general arguments. In chapter 10, Edith Drieskens explores the enduring ambivalence of the United States towards international institutions, specifically the UN system, and assesses the EU's capacity to replace or bypass the United States in the UN context. In chapter 11, Daniel Fiorino analyses the linkages between domestic and external policies in the USA, and the extent to which the EU might be able to promote incremental change in international environmental institutions in the absence of the United States. In chapter 12, Frode Veggeland provides a detailed analysis of the growth of turbulence around international institutions, and especially the WHO, which has been a major focus of US policies and thus a significant concern for the EU.

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CHAPTER 10

The United Nations

Edith Drieskens*
Leuven International and European Studies (LINES), KU Leuven, Belgium

Abstract

The United Nations' (UN) eightieth anniversary in 2025 was expected to be a moment of reflection and renewal, but it has instead unfolded amid profound turbulence. This chapter analyses how a series of executive orders issued by the Trump administration have triggered an unprecedented reshaping of the United Nations' finances, operations and presence. While some settings were directly targeted for funding cuts or reconsideration of membership, the most consequential decisions were broader reviews of US engagement with international organizations and foreign aid. These developments have generated ambiguity in United States–United Nations relations: the United States remains present in most settings, yet its actions have challenged core principles and practices, pushing the organization into a reactive stance that at times borders on survival mode. The chapter further examines the implications for United States–European Union relations, revealing a widening gap between Washington's transactional approach and the European Union's seemingly enduring unconditional commitment to multilateralism.

Keywords: *multilateralism, United Nations (UN); UN reform; US–EU relations; US–UN relations; Trump administration*

* edith.drieskens@kuleuven.be

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Introduction

Judging by the messages that fill the card shops in my hometown of Leuven, turning 80 is a remarkable achievement, one that symbolizes strength, resilience, wisdom and perspective. It is a time to celebrate accomplishments and share the stories behind them. But legacy also takes another form when reaching 80: it is an opportunity for renewal. With the illusion of permanence falling away, this age seems to reveal a rare kind of clarity. This lucidity makes turning 80 less about becoming someone new and more about acknowledging who one truly is beneath the layers of years. In this way, it marks a life shaped by constant change, as well as a final transformation before the very last chapter closes. Similarly, the United Nations' (UN) eightieth year in 2025 has been marked by transformation, yet turbulence has overshadowed celebration, as a series of executive orders issued by the Trump administration has pushed the organization toward fundamental, even existential, reform.

This contribution analyses these decisions and their implications for both United States–United Nations (US–UN) and United States–European Union (US–EU) relations. It shows that, while the combined impact of speed and scope has created an unprecedented situation in the post-1945 international system, these decisions are less erratic than often considered. Yes, they have destabilized the UN's functioning in recent months and will profoundly shape its functioning in the future. However, they are grounded in a blueprint originating with the first Trump administration and informed by the broader history of US–UN relations. It also shows that, like the UN, the EU has had little choice but to muddle through this milestone because of financial constraints and the absence of consensus beneath the seemingly unconditional rhetoric of support for multilateralism.

A milestone in crisis

As the UN marks its eightieth anniversary, reports suggest that the transformative meaning of legacy is particularly relevant for understanding current developments, with some observers even hinting that its final chapter is unfolding as we speak. A little over a year after major ambitions were outlined at the Summit of the Future, there appears to be little to celebrate, as budgetary cuts are expected to fundamentally reshape the organization (Byrnes 2025; Lynch 2025). For some, these cuts represent a long-overdue opportunity to reform the UN, potentially leading to a more

effective and efficient organization. For others, however, they signal the end not only of the UN as we know it, but of the UN itself. A striking illustration of this view comes from UN Office for the Coordination of Humanitarian Affairs (OCHA) Director Tom Fletcher, who notes that 79 million people are affected by these 'brutal cuts', leaving the organizations involved with equally 'brutal choices' and effectively reducing their work to 'a triage of human survival' (UN News 2025). Several other UN bodies, including the Joint United Nations Programme on HIV/AIDS (UNAIDS) and the UN World Food Programme (WFP), have announced budget cuts of 10–20% or more, affecting thousands of staff (Lynch 2025).

Whether one thinks in terms of a turning point or a breaking point, of a challenge that can be tackled or a catastrophe that cannot, the fact remains that the depth and pace of the proposed reforms are without precedent. Once complete, the UN will be very different—in what it does, how it operates and even where it is based. The situation in Geneva appears particularly strained, as its role as host to numerous (specialized) agencies seems under threat (Jefford and Langrand 2025). Indeed, as part of the ongoing system-wide review, measures under consideration range from traditional cost-cutting, such as limiting travel and freezing new hires, to the more significant step of relocating entire units to lower-cost locations (Lynch 2025). Long-established UN cities seem to be losing ground, while others, like Nairobi, are set to gain, with the United Nations Children's Fund (UNICEF), the United Nations Population Fund (UNFPA) and UN Women already planning to relocate their activities to the UN headquarters there. It is therefore not surprising that the mentioned reports discuss declining staff morale, strained working relations, and even demonstrations in Geneva – everything but the celebrations one might expect to mark eighty years (Blackburn 2015).

UN reform by force

Although the UN has faced decades of challenges, the current situation was primarily triggered by a series of 'birthday cards' – in the form of executive orders – signed by US President Trump in late January and early February. These decisions devote little attention to UN reform, but their combined effect has been extraordinary. Never before have so few words so profoundly reshaped this process. Some UN settings are directly targeted by these decisions. They have been explicitly targeted for reconsideration of membership and funding. All decisions in this

category restore the previous status quo: they overturn those of the Biden administration, which itself had reversed decisions of the first Trump administration. More remarkable, and affecting all UN settings, have been the broader, horizontal decisions to review US support for international organizations and its approach to foreign aid.

Five settings fall within the first category, which involves naming, blaming and shaming: the United Nations Educational, Scientific and Cultural Organization (UNESCO), the United Nations Human Rights Council (UNHRC), the United Nations Relief and Works Agency for Palestine (UNRWA), the World Health Organization (WHO), and the Paris Agreement under the United Nations Framework Convention on Climate Change (UNFCCC). The first three have been identified as entities allegedly drifting from their original missions, acting against US interests and undermining allies (The White House 2025b). UNESCO has been accused of failure to reform and address concerns over mounting arrears, as well as anti-Israel sentiment. In a similar vein, UNRWA has been accused of infiltration by foreign terrorist organizations, with some employees allegedly involved in the 7 October attack on Israel. The UNHRC has been criticized for protecting human rights abusers. And while it does not do so explicitly here, the United States has previously criticized this body for bias against Israel. The WHO has been condemned for mishandling the coronavirus pandemic, failing to adopt urgently needed reforms, lacking independence, and demanding unfair payments from the United States (The White House, 2025f). In a similar vein, the Paris Agreement has been denounced as failing to reflect US values or economic and environmental objectives, and therefore not benefiting the American people (The White House 2025e).

These effects are significant for the mentioned settings because the United States is often a key financial contributor (CFR Editors 2025). However, the greatest impact has resulted from decisions that do not target specific UN bodies, or even the UN as such. The first decision mandates a re-evaluation of the US engagement with international settings in the broadest sense, encompassing organizations, conventions, and treaties (The White House 2025b). To this end, the secretary of state was to conduct a review in consultation with the US ambassador to the UN, spanning an estimated six months. The second, and in practice even more significant, decision calls for a re-evaluation of US foreign aid to realign it with American values and interests (The White House 2025c). While a 90-day pause was ordered for evaluation, a stop-work order on foreign aid issued by the secretary

of state on January 24 significantly accelerated this process, prompting various UN bodies to abruptly freeze spending and lay off workers (Lynch 2025). The reason is not only that many UN bodies are dependent on US funding, but also that these cuts have come on top of an ongoing liquidity crisis, driven by late payments – including from the United States – and declining contributions. This situation was further aggravated by the Trump administration's challenge to existing commitments under the Rescissions Act of 24 July 2025, which retracted congressionally approved funding for 2024 and 2025.

Beyond revisiting membership and funding, the Trump administration's retreat from the UN targets the core values and principles underpinning its work. This withdrawal has been particularly visible in relation to sustainability and diversity, equality and inclusivity, commonly referred to as DEI (Gowan 2025; Lynch 2025). While the already mentioned withdrawal from the Paris Agreement has been the most visible decision in relation to the former, there is a broader belief that the United States has entered international agreements and initiatives that do not align with the country's values or recognize its role in advancing economic and environmental goals, redirecting public money to countries that neither need nor deserve assistance (The White House 2025e). This reassessment has led the US mission to the UN to state that the US government is no longer willing to invest in the Sustainable Development Goals, as they are inconsistent with both US interests and sovereignty. This appeal to sovereignty is quite intriguing, as the Trump administration's territorial ambitions regarding Canada, Greenland, and the Panama Canal challenge the principle of sovereignty as enshrined in the UN Charter (Gowan 2025). Concerning DEI, the Trump administration seeks to reverse its predecessor's decisions (The White House 2025g). It has made this especially clear by rejecting references to gender ideology in the Commission on the Status of Women of the Economic and Social Council (ECOSOC), opting instead to frame discussions in terms of biological sex (The White House 2025d; United States Mission to the United Nations 2025). Further challenging the UN's human rights framework, it refuses to take part in the Human Rights Council's Universal Periodic Review (Paccamiccio and McKernan 2025).

Implications for US-UN relations

While the impact of the Trump administration's decisions on the UN and its functioning is undeniably disruptive, observers find it difficult to determine what

these developments mean for US–UN relations generally (Lombardo 2025). An important reason is that although these decisions suggest disengagement, the United States continues to participate actively in most UN settings. It even explicitly supports specialized (standard-setting) agencies such as the International Telecommunication Union (ITU) and the International Civil Aviation Organization (ICAO) (Lynch 2025). Ambiguity deepens when its president publicly challenges the UN's relevance by mocking that it provides him only with a faulty escalator and a teleprompter, only to subsequently acknowledge the organization's potential and confirm his full support. As such, the status quo of the relationship cannot be described, using the terminology of this report, as either moving forward or toward disintegration. The former is evident: the relationship has scarcely improved since the Trump administration took office in early 2025 and began to push back. But the latter is similarly clear. At present, disintegration, in the sense of total collapse, is more evident in the United States' relationship with certain UN bodies than in its overall relationship with the organization. Of course, this broader relationship is challenged by the disintegration of these settings, which has served as a sobering reminder that US engagement in international organizations is conditional, and that reversal awaits if those conditions are not met.

While recognizing that things can change swiftly in the Trump administration, the status quo of US–UN relations appears to be one of muddling through, although in a somewhat different sense than the editors suggest, who refer to cooperation in policy areas where it is seen as mutually advantageous. Here, cooperation is approached transactionally by one of the partners and is sustained only when it benefits that partner's interests (Zareba 2025). With others failing to step up quickly and decisively to fill the financial gaps created by the decisions outlined above, the UN seems to have little choice but to accept the terms of cooperation put forward by the Trump administration. These terms, which began as a blueprint during its first term, have materialized in the past few months with remarkable pace and scope, making it much more difficult to single them out, as was sometimes done in the first term in the hope of a return to business as usual after four years (Almqvist 2017; Lynch 2025). This has left the UN with only radical choices. The positive narratives of African empowerment or of UN reform for the twenty-first century through which these decisions have been presented do not alter this reality (Byrnes 2025; Khumalo 2025; Shiffman 2025).

Those surprised by the renewed focus on American interests in US–UN relations may benefit from revisiting the work of the late Edward Luck, who characterized

the US approach toward the UN as one of 'mixed messages' (Luck 1999). His analysis reminds us that the United States has consistently played an ambiguous role in the world of international organization, alternating between supporter and critic, and that the UN particularly stands out in this regard. Reviewing this work for *Political Science Quarterly*, Michael Barnett even concluded that the US–UN relationship would make an ideal episode on the 'Oprah Winfrey Show' – one titled 'great powers who love and abuse the UN' – although with an important caveat (Barnett 2000, 448). It would showcase 'a long history of hurt feelings, mistrust and grave misunderstandings', but not the usual happy ending, as 'the estranged pair is unlikely to reconcile' (Barnett 2000, 448). Beyond offering historical background, Luck's work identifies several factors that have fueled tensions in US–UN relations, many of which remain relevant today. He argues that the United States' inconsistent stance toward international organizations stems from a deeply ingrained sense of exceptionalism, which drives domestic debates over whether national interests are advanced or undermined by engagement. As such, drivers of tension include concerns about safeguarding national sovereignty in an increasingly globalized world, suspicions that organizations may be exploited to advance agendas that conflict with US objectives, and frustration over minority positions. Yet equally significant are issues of funding, burden-sharing and oversight.

Implications for US-EU relations

This contextualization also reminds us that even though common institutions and rules are often seen as foundational pillars of the Atlantic political order, as is the case in this report, the United States and the EU have never fully aligned in their stance toward the UN. The EU's discourse, unlike that of the US, has always conveyed an unambiguous message regarding the UN. A commitment to multilateral cooperation, particularly within the UN framework, is deeply embedded in its identity as an international actor (Drieskens 2023). The EU's internal structure explains why this is the case: it is the most formalized and institutionalized example of multilateral cooperation. Importantly, multilateralism remains central to its approach, even as the notion of the EU as a geopolitical actor has become more prominent in recent years. According to the EU, contemporary challenges demand more multilateralism, not less. The coronavirus pandemic prompted the EU to articulate its ambition to reinforce the multilateral system in early 2021. Likewise, in the context of its pursuit of 'strategic autonomy', the Versailles Declaration adopted in March 2022 reaffirms 'its intention to intensify

support for the global rules-based order, with the United Nations at its core' (European Council 2022, 3). As such, few were surprised when, in the same meeting where the United States questioned the relevance of the UN, the EU reaffirmed its support for the rules-based international order that upholds the UN Charter in particular and multilateralism more broadly, thereby confirming its long-standing commitment to human rights and sustainability.

The EU's continued adherence to these values led to a public rebuke by President Trump at the September 2025 General Assembly meeting in New York. The EU was called out, with even more words devoted to its failures than those of the UN (The White House 2025f). Responding rather than reacting, the EU opted to point out differences without naming the United States, stressing its own reliability and predictability (European Council 2025). In fact, it only mentioned the United States briefly in its address, without singling it out. Also, at other times in recent months, the EU's public criticism has been mostly cautious or implicit, expressing regret and concern and reminding the United States that its decisions run counter to its own interests. As such, even if the EU has framed the situation internally as an opportunity to enhance its influence and has taken some financial decisions to address it, it has mostly acted as an observer (Sherriff 2025).

Insecurity and inability, rather than indifference, appear to have driven this public restraint, underscoring that the current EU–US relationship is not one of equals. Since the Trump administration assumed office, the EU has largely been walking on eggshells in its dealings with the US, devoting considerable effort to reducing existing tariffs and preventing new ones (Lehne 2025; Zerka 2025). This wider context of muddling through – largely rooted in fears of retaliation through tariffs or other ways, including the possible withdrawal from vital organizations such as NATO – has constrained the EU's ability to publicly criticize the Trump administration's dealings with the UN, leaving it with little alternative but to proceed with caution (Chadwick 2025b; Fox 2025). Financial constraints and a lack of consensus should also be mentioned here. Regarding the former, the EU has been urged to step up not only to alleviate humanitarian suffering, but also because the US decisions carry direct consequences for the EU given their close cooperation on the ground (Le Piouff 2025; Sherriff 2025). Yet stepping in to fully fill the gap left by the United States is not an option. Alternative priorities – several imposed by the Trump administration's choices, such as the need for enhanced defence spending – mean there is little financial leeway (Chadwick 2025a; Vasquez 2025; Vinocur 2025). Regarding the latter, it is important to recall that, given the

distribution of competences within the EU on most UN matters, the ability to deliver a strong, unified response rests largely with the member states. Two challenges are important in this regard: they are not equally critical of the Trump administration, nor are they united in a maximalist commitment to the UN, with recent research confirming that engagement varies beneath the seemingly unconditional rhetoric discussed above (Blavoukos and Galariotis 2025).

Conclusion

In Charles Lindblom's original conception, 'muddling through' refers to policy formulation through incrementalism, in which complex policy is developed through small, successive changes (Lindblom 1959). Grounding his argument in the context of US policy change, Lindblom contrasted this 'branch method' with the 'root method', which revisits the underlying fundamentals each time. This contribution has shown that, although the Trump administration appears to have shaken and even uprooted the foundations of the UN, the surprising element lies more in the speed and scale of its decisions than in their general direction, whether viewed in light of its first term or the broader historical context of UN–US relations. Time will tell in what form the UN will emerge from this storm. What is clear, however, is that these decisions have left the organization with little choice but to muddle through. The same applies to the EU, which lacks the means and the consensus to calm the crisis, let alone restore normalcy. However, returning to the birthday wishes that framed this contribution, the silver lining beyond the promise of UN reform may be the clarity this turbulent period provides: neither the US–UN nor the US–EU relationship is one of equals now, nor are they likely to become so in the years to come. With this timeline in mind, the EU should recognize that muddling through may be justified as an early crisis response, but it is unsustainable if multilateralism truly constitutes a cornerstone of its identity. While the plans for UN reform remain a work in progress at the time of writing, the parameters are quite clear. They encourage the EU to evolve from branching to rooting, engaging in a substantive discussion of its commitment to the UN system, including its reliance on others to realize its multilateral goals. Maintaining credibility as a dependable actor requires confronting these dependencies decisively, whether they involve the United States or other partners. In this context, the UN's milestone may also offer a transformative opportunity for the EU, clarifying what its multilateral commitment means in practice and how to put it into practice.

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CHAPTER 11

The Trump Administration and Climate Policy: The Effects of Right-Wing Populism

Daniel Fiorino*
American University, Washington, D.C., United States

Abstract

The Trump administration's renewed withdrawal from the Paris Climate Agreement forms part of a wider retreat from multilateralism that has defined recent US foreign policy. Beyond exiting the Paris framework – which remains the central mechanism for global coordination on climate mitigation and adaptation – the administration has disengaged from institutions such as the World Health Organization, curtailed international assistance and launched broad reviews of US participation in global governance. Climate policy is especially vulnerable under a right-wing populist presidency marked by hostility toward multilateral cooperation and scepticism of scientific expertise. Given the United States' role as the largest historical emitter, a major current emitter and a key actor in climate diplomacy, its disengagement has significant systemic consequences. Yet the most profound effects may arise from domestic rollbacks of emissions regulation and constraints placed on state-level climate action. For the European Union – committed to net-zero by 2050 and the world's largest climate financier – sustained US disengagement necessitates continued autonomous climate leadership.

Keywords: *climate change; populism; Paris Agreement; multilateralism; global engagement*

* dfiorino@american.edu

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Introduction

With the arrival of the second Donald Trump administration in January 2025, a new era dawned in the foreign affairs of the United States and the world. A goal of the Trump administration is to withdraw as much as possible from multilateral institutions and problem-solving. This stance reflects a tenet of right-wing populism: hostility to working with other nations in international platforms. The United States became one of four nations not participating in the Paris Climate Agreement. This is the second time the United States has pulled out of the Paris Agreement. The first occurred during the first Trump administration, although President Joe Biden rejoined before the withdrawal became official.

President Trump issued Executive Order 14162 on 20 January 2025, calling for a review of 'international agreements and initiatives that do not reflect our country's values' as the administration defines them (The White House 2025b). As the Democratic Party-oriented Center for American Progress noted at the time, the withdrawal from the Paris Agreement and other global initiatives 'marks a stark return to isolationism at a moment when global cooperation is needed' (Gibson 2025). What are the consequences of the United States' withdrawal from global platforms? What, in particular, does this shift in US engagement mean for the European Union (EU)?

The withdrawal from the Paris Climate Agreement was part of a larger pattern. The United States also dropped participation in the World Health Organization (WHO) (Yamey and Titanji 2025), turned on and threatened traditional allies, including Canada and the European Union; eviscerated the U.S. Agency for International Development (USAID), and terminated funding for many international initiatives. The effect of all these actions, Stewart Patrick has observed, is that President Trump 'is declaring independence from the world America made' (Patrick 2025). The Trump global agenda reflects many of the views that foreign policy conservatives have long held dear: that multilateral institutions and agreements interfere with American national sovereignty; that international law is illegitimate and constrains freedom of action; and that countries should deal with each other bilaterally under a 'might makes right' framework. Part of this worldview is a disavowal of global development and creation of 'destabilizing tariffs' that upend decades of open trade policies. From a global sustainability perspective, this view also constitutes a 'rejection of global public goods' as the US government denies climate science, ignores biodiversity collapse, rejects global environmental

collaboration, and declares 'war on the Sustainable Development Goals' adopted by the United Nations (Patrick 2025).

This chapter reviews US–EU climate negotiations, how they changed during the transition from President Biden to President Trump, the direction they are moving under the Trump administration, and the prospects for US–EU relations over the next three years. Given the position of the Trump administration on climate science (and, for that matter, on scientific expertise generally), the administration's emphasis on developing and exploiting the fossil fuel resources of the United States, and the administration's hostility to global engagement, it is difficult to be optimistic about the prospects for climate negotiations and the US–EU relationship more generally.

Consequences of withdrawal from the Paris Agreement

On his first day in office, as he had done at the start of his first administration, President Trump withdrew the United States from the Paris Climate Agreement. So far, no other countries have withdrawn from the Paris Climate Agreement (Crowfoot 2025), although President Javier Milei of Argentina announced that he is considering it (Gibson 2025). Otherwise, what are the effects of Trump's withdrawal from the Paris Agreement? When the largest historical emitter of greenhouse gases walks away from the principal platform for addressing the global problem of climate change, there will be consequences (CRS 2025; Paraguasso and Volcovici 2025). Not having the United States participate substantively in future annual Conferences of the Parties (COPs) to monitor progress and set Nationally Determined Contributions (NDCs) is, in itself, a setback. The United States is still the second-largest emitter of greenhouse gases. It is also the world's largest economy and has been a formidable influence in global politics. Indeed, the system of relationships that Trump is dismantling was largely created by the United States in the years following the Second World War.

One consequence of the US withdrawal from international climate negotiations is a reduction in funding for mitigation and adaptation in developing and other countries. EO 14162, discussed earlier, ended any financial commitments made under the United Nations Framework Convention on Climate Change (UNFCCC). On 4 March 2025, the United States also withdrew from the Climate Loss and

Damage Fund, which was designed to compensate countries for climate change-related damages and to help fund adaptation. The administration is not only eliminating financial support for climate-related initiatives but also reducing assistance across the board, including humanitarian aid.

The pattern of the Trump administration is to disrupt relationships with traditional allies. The administration has not only insulted allies; it has also imposed tariffs that undermine the global economy and those of many nations, with the EU generally seen as losing in the trade agreement (FitzGerald and Geoghagan 2025). The asserted goal is to revive domestic manufacturing with high tariffs on imported goods. That is unlikely to prove effective, according to most experts. The tariffs have been directed especially at China, which the administration sees as the United States' principal economic and military competitor. They have also been directed at many other countries.

Jennifer Lind and Daryl Press (2025) see an effort to refocus American resources on China as at least part of the motivation for this strategy of global disengagement. The catch is that this effort to refocus on China, which the administration perceives as the primary global threat to US primacy, could cede the role of international technology and economic leader to the Chinese government. Certainly, withdrawing from the Paris Agreement risks ceding global climate leadership to the EU and China if it aspires to play that role. Combined with the significant reductions in climate, scientific and other research, these actions put the United States at a disadvantage relative to China in the coming decades.

Yet the main effects of Trump's actions, at least in the short term, may be in the domestic policy arena (Brown and Stevens 2025). Before November 2024, assuming the continuation of Biden's climate mitigation policies, the United States was likely to meet the goal of a 50–52% reduction in emissions by 2030 relative to a 2005 baseline. The tax credits and incentives in the Inflation Reduction Act (enacted in 2023) and the Investment and Infrastructure Jobs Act (passed in 2022) were expected, if implemented, to get the United States most of the way toward that goal. Efforts at the state and local levels, supplemented by corporate and other actors, could have carried the United States the rest of the way toward that goal (King et al. 2024). With Trump's reversal of provisions in those laws and a range of other domestic policy changes, that emissions reduction goal is now out of reach.

The Trump administration not only set out to reverse legislative and other policy

changes taken by its predecessor; it also declared an 'energy emergency' to justify and facilitate the further development of fossil fuels (The White House, 2025a). This executive order claims that US energy capacities 'are all far too inadequate to meet our Nation's needs'. In a dig at wind and solar generation, it asserted that the country had come to depend on 'a precariously inadequate and intermittent energy supply, and an increasingly unreliable grid' (The White House 2025b). Among the measures outlined in the executive order were expanding oil and gas production on federal lands, facilitating the production of corn-based ethanol, and removing regulatory barriers to expanded fossil fuel infrastructure from laws such as the Clean Water Act (enacted in 1972) and the Endangered Species Act (enacted in 1973).

In addition to declaring an 'energy emergency', the Trump administration has taken steps to promote the expansion of fossil fuels, which are the principal source of greenhouse gases. In an order titled 'Unleashing American Energy', it committed to expanding fossil fuel production on federal lands, including the outer continental shelf; stated an intent to eliminate what it called the 'electric vehicle mandate' in order to 'promote consumer choice', proposed to eliminate 'unfair subsidies and other ill-conceived market distortions that favour electric vehicles (EVs) over other technologies and effectively mandate their purchase', and directed officials 'to safeguard the American people's freedom to choose from a variety of goods and appliances', a threat to revise federal product energy efficiency standards (The White House 2025c). In a direct challenge to the scientific consensus on climate change, the Trump administration has also proposed to overturn the 'endangerment finding' that underpins authority granted in the Clean Air Act (Joselow and Friedman 2025). If this effort succeeds, it will not only directly affect vehicle emission standards but also undermine the legal basis for future administrations' climate mitigation actions.

Even state-level policies are being threatened. Using authority granted under the Congressional Review Act, the Republican-controlled Congress and the president revoked the California waivers issued by the Biden administration, allowing the state to mandate zero-emission vehicles. First included in the Air Quality Act of 1967 and later incorporated into the Clean Air Act in 1970, the State of California has the legal authority to set stricter motor vehicle standards than the federal government. In 1977, amendments to the Clean Air Act extended that authority to other states wishing to adopt more stringent California standards, which more than a dozen states have adopted. The administration wants to revoke that authority as part of its defence of the fossil fuel industry. California and other states are

challenging this decision in court (Rosenhall and Friedman 2025). California has been especially aggressive in its climate policies.

Prospects for the US–EU relationship

The long-standing collaborative relationship between the United States and the European Union is particularly fraught in the light of these developments. President Trump is unlikely to be persuaded to change course regarding multilateral institutions and agreements. This view is firmly ingrained in the Trump administration's worldview. The United States is out of the Paris Climate Agreement (CRS 2025). Some in the administration are even calling for the United States to withdraw from the United Nations Framework Convention on Climate Change (UNFCCC), although that would require ratification by the US Senate and would be more difficult. The EU's strategy is to 'wait it out' while continuing to exercise international climate leadership, as it has for years. The EU should continue to make an economic and security case for mitigating emissions and for strategically adapting to the impacts of climate change. Renewable energy is the most efficient way to generate electricity in most of the world; the environmental, economic and national security benefits are compelling. Energy innovation delivers more jobs per unit of investment, provides economic benefits to national and regional economies, improves air quality and contributes to global reductions in greenhouse gas emissions. The public policy case for committing to a clean energy transition is strong.

The case for EU climate leadership is compelling (Zito 2024). The European Commission views climate change as an existential threat. It aims to be the 'first climate-neutral continent' and has committed to a net-zero-emission economy and society by 2050, relative to 1990 levels (European Commission 2025a, 2025b). The EU has an Emissions Trading System covering 40% of emissions, which recently expanded to include aviation and maritime sources (European Commission 2025c). It has adopted an intermediate goal of a 55% reduction in emissions by 2030, with a 90% target for 2040. The EU adopted a Carbon Border Adjustment Mechanism and is (alongside the member states and the European Investment Bank) the largest source of funding for developing nations. The EU has set targets for carbon removals for 2030. Although progress toward net-zero was recently deemed 'insufficient', it has adopted goals and is making more progress than any other group among developed economies. It plays a leading role in the annual

Conferences of the Parties to the UNFCCC, and the EU actively participates in efforts to implement the Paris Agreement (Zito 2024).

The EU has been a global climate leader and must continue to play that role. Although it has experienced difficulty in cutting emissions, as all countries have, it has made as much or more progress than any other part of the world. Indeed, in the most recent 'Climate Change Performance Index', which compares countries across a range of mitigation indicators, EU members held 11 of the top 20 positions (CCPI 2025). Although some experts are calling for a suspension of democratic norms and procedures in light of the urgency of the problem, the research suggests (although not uniformly) that democratic systems, like most in the EU, are better at mitigating emissions than more authoritarian states (Fiorino 2018).

The United States is balanced between two competing coalitions: one accepts the need for climate action; the other rejects it. US policies are also evenly balanced, with about half of the states preferring progressive policies to mitigate emissions and the other half avoiding them. The pattern in midterm congressional elections is for the party of the sitting president to lose seats in the US House of Representatives; the Senate is harder to predict. This pattern, combined with President Trump's low approval ratings, makes it likely that Democrats will gain a majority in the House in 2026. And of course, there is a new presidential election in 2028. Exercising its leadership on climate change may be the EU's best strategy over the next few years. Following this approach is arguably the most sensible way to 'wait out' the Trump presidency.

With this administration unlikely to change its views on climate change or on multilateral commitments, the best course for the European Union is to continue to exercise climate leadership, to muddle through and hope for a more favourable US position on climate change and on multilateral problem-solving.

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CHAPTER 12

Turbulence in the World Health Organization: Implications for EU–US Cooperation in a Changing International Order

Frode Veggeland*

Department of Organisation, Leadership and Management, University of Inland - NIBIO, Norway

Abstract

This paper examines the World Health Organization (WHO) within the broader context of the post-1945 liberal international order. It begins with a brief historical account of the establishment and development of WHO, emphasizing its role as a central institution for global health governance. Particular attention is given to the role of the European Union's (EU) member states and the United States (US) in supporting the WHO through financial contributions, personnel secondments, crisis assistance and capacity-building measures. The paper then explores more recent developments, notably the US withdrawal from the WHO during the first and second Trump administrations and the termination of key US aid programs. Finally, the implications of this withdrawal are analysed, both for WHO's operational capacity and for transatlantic relations, with consequences for challenges such as the global fight against HIV/AIDS, antimicrobial resistance, drug and vaccine development and emergency preparedness.

Keywords: *World Health Organization; United States; European Union; COVID-19; public health emergency; International Health Regulations*

* frode.veggeland@inn.no

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Introduction

The World Health Organization (WHO) has been the key coordinating authority in global health governance within the post-Second World War liberal international order. Both the United States and Europe have been important supporters and contributors to the WHO. However, the future of both the WHO and the transatlantic partnership is currently uncertain. This paper explores the WHO's evolution and its recent crises, focusing specifically on the United States' notification of withdrawal. It further analyses what these events mean for the future of transatlantic cooperation.

The establishment and development of the WHO

The WHO was established in 1948 as a specialized agency of the United Nations (UN). The World Health Assembly, comprising all 194 member states (soon reduced to 193), is the supreme decision-making body and determines the organization's policies and priorities. The assembly also appoints the director-general. The executive board facilitates the work of the assembly, provides advice and gives effect to its decisions and policies. It is composed of 34 members that are technically qualified in the field of health and represent the WHO's regional offices: the Regional Office for Africa, the Regional Office for the Americas, the Regional Office for South-East Asia, the Regional Office for Europe, the Regional Office for the Eastern Mediterranean, and the Regional Office for the Western Pacific. The WHO's main objective is 'the attainment by all peoples of the highest possible level of health' (World Health Organization 1946, art. 1), which is to be achieved by, among other things, the core function of acting 'as the directing and co-ordinating authority on international health work' (World Health Organization 1946, art. 2(a)).

The WHO was seen as a major achievement in the evolution of international health institutions, thanks to its expertise and willingness to address intractable health problems (Youde 2012, 29). However, early on, the WHO's reputation began to decline, reaching a low point in the 1980s and 1990s, when it was heavily criticized by member states and in public discourse for being too bureaucratic, ineffective and corrupt. Nevertheless, at this point the WHO could also point to some very successful initiatives in its effort to improve global health – including the eradication of smallpox (Brown et al. 2006; Yamey and Titanji 2025).

The organization resumed much of its authority as a prominent and leading

force in international health work under the leadership of former Director-General Gro Harlem Brundtland (1998–2003), resulting in more action, such as finalizing negotiations on the Framework Convention on Tobacco Control, the rebuilding of capacities for addressing HIV/AIDS, and a more prominent and visible presence on the international stage. Thus, even though the WHO's role was still contested, some of the organization's reputation was rehabilitated, paving the way for its continued role in global health governance (Brown et al. 2006).

The United States played a central role in the development of the liberal international order after the Second World War, which included the establishment of a multilateral framework comprising numerous international agreements and organizations, including the United Nations (Hopewell 2021; Lake et al. 2021; Hylke et al. 2024). The United States also played a key role in the WHO, not least as the largest financial contributor for much of the organization's history. The member states of the European Union (EU) have also been active supporters of and contributors to the WHO, through financial support, personnel secondments, crisis assistance and capacity-building measures. In 2020, when the United States withheld some of its funding, the member states were collectively the largest donors to the WHO. The EU itself is not a member of the WHO and did not engage actively with the organization for a long time, even though a framework for cooperation between the two organizations has been in place since 1972 (with subsequent revisions), based on a series of exchanges of letters.

Recently, and particularly after the outbreak of the COVID-19 pandemic, the EU has shown much more interest in the WHO (European Commission 2010, 2025; European Union 2022). There are several reasons for the delayed EU interest in the WHO. First, health policy has been (and still is) primarily the competence of the member states, which limits both the scope and form of health cooperation in the EU. Second, cooperation on health issues was not politicized and put high on the EU agenda until the 1990s onwards, when a series of health and security related crisis – such as the outbreak of bovine spongiform encephalopathy (BSE, also known as 'mad cow disease'), the 9/11 terrorist attacks, the severe acute respiratory syndrome (SARS) and swine flu emergencies, and the volcanic ash cloud from Iceland in 2010 – contributed to raise the attention towards the need for collective preparedness and action (Greer and Jarman 2021; Brooks et al. 2023). Third, it was not until the 1990s and 2000s that the EU treaties provided a legal basis for the EU to more actively supplement and assist member states in health policy. Prime among these are article 152 of the Amsterdam Treaty (the 'public

health' article), renumbered as article 168 in the Lisbon Treaty of 2009, article 222 of the Lisbon Treaty (the 'solidarity clause') – which 'requires the EU and Member States to collectively assist any Member State affected by a terrorist attack or a natural or man-made disaster' – and the Charter of Fundamental Rights (including the right to life and the right to healthcare) which gained equal status to treaty law in 2009 (Ekengren et al. 2006; Brooks et al. 2023).

Partly because of this specification of the EU's role in health, the European Commission issued a document in 2010 signalling a more active role for the EU on the international stage in health cooperation. Regarding the relationship with the WHO, the document stated:

> At global level, the EU should endeavour to defend a single position within the UN agencies. The EU should work to cut duplication and fragmentation and to increase coordination and effectiveness of the UN system. It should support stronger leadership by the WHO in its normative and guidance functions to improve global health. The EU should seek synergies with WHO to address global health challenges. It should decrease the fragmentation of funding to WHO and gradually shift to fund its general budget (European Commission 2010, 6).

In line with the intentions stated above, the EU delegation in Geneva (where the WHO headquarters are located) began coordinating common positions on WHO matters among the EU member states in 2010 (Bergner et al. 2020, 3).

Thus, when the COVID-19 pandemic broke out in 2020, health policy had already moved higher up the EU's political agenda, as reflected in earlier initiatives to strengthen transatlantic health cooperation with the United States. The agreement on mutual recognition between the European Community and the United States of America was set up in 1999 (Official Journal of the European Communities 1999). The agreement lays down the conditions under which the EU and the United States will accept conformity assessment results (e.g., testing or certification) from the other party's designated conformity assessment bodies. In this way they can show compliance with each other's requirements, essentially by replacing double testing with mutual trust. The 1999 agreement covered (through sectoral annexes) pharmaceutical goods manufacturing practices (GMPs) and medical devices. Other technical health areas were later included, such as inspections of manufacturing sites for human medicines in their respective territories, which

were fully implemented in 2019. The Global Health Security Initiative was set up in the wake of the September 11 terrorist attacks in 2001. Delegations from the United States and the European Commission (as well as from EU member states) were included in this initiative.

The WHO was allowed to meet as an observer in the Global Health Security Initiative. In 2009, the EU and the United States created the Transatlantic Taskforce on Antimicrobial Resistance to address the urgent, growing global threat of antimicrobial resistance. Negotiations between the United States and the EU on a Transatlantic Trade and Investment Partnership (TTIP) began in 2013 (Khan et al. 2015). These negotiations included extensive plans for transatlantic cooperation on health issues, including health services, pharmaceuticals, and other health-related regulatory matters (Jarman 2014).

However, these negotiations were abandoned when Trump became president in 2016 and in April 2019 the EU declared that TTIP was 'obsolete and no longer relevant' (Council of the EU 2019). Following the experiences of the COVID-19 pandemic and the war in Ukraine, the EU and the United States issued a joint statement in the fall of 2022 urging the strengthening of transatlantic cooperation on health, particularly in the context of health emergencies. In 2023, the EU–US Health Task Force was set up to prioritise three avenues for cooperation: combating cancer, addressing global health threats, and strengthening the global health architecture. These initiatives were launched during the Biden administration. The election of Trump in 2024 for a second term has raised new questions about the future of global and transatlantic cooperation on health, in general, and the role of the WHO in these efforts, in particular.

Turbulence in the WHO: Funding, crisis management and US withdrawal

Even though the WHO's authority was partially restored in the early 2000s, the organization continued to experience turbulence. Ansell and Trondal (2017, 4) identify three aspects of turbulence that are relevant here. Turbulent organizations refers to factors embedded within organizations, such as factional conflicts, staff turnover, funding, conflicting rules and internal reforms. Turbulence of scale appears when actions at one level of authority or scale of activities affect actions at another level or scale. Thus, what appears to be a 'good' solution at one level might

be considered a 'bad' solution at another. Turbulent environments speaks to factors external to organizations, such as crisis, rapid technological change, protests and partisan conflict. Here, attention is directed towards three challenges creating turbulence: the fragmented funding of the WHO, the handling of the Ebola disease outbreak in West Africa in 2014–2016, the WHO's handling of the COVID-19 pandemic, and the subsequent notification of the United States to withdraw from the organization, first in 2020 and then again in 2025.

WHO funding

The WHO's funding comes from two primary sources: assessed contributions (i.e., membership dues paid by member states) and voluntary contributions from member states and non-state actors. Assessed contributions enable the WHO to prioritize and allocate resources to measures and activities considered most effective in fulfilling the organization's mandate. Voluntary contributions are typically earmarked for the donor's preferred project, which does not guarantee that the resources will be channelled to where they are most needed. The more the WHO depends on voluntary contributions, the less freedom of manoeuvre it has to fulfil its mandate.

Over time the share of assessed contributions to the WHO has been reduced in favour of voluntary contributions. In the mid-1980s, the share of voluntary contributions had almost caught up with the regular budget, which consisted of assessed contributions (Brown et al. 2006, 68). In the 2014–2015 budget 77% came from voluntary donations – these were, moreover, heavily dependent on rich donors such as the Gates Foundation and the United States (Gostin 2015, 6). In the 2022–2023 budget, the share of assessed contributions was only 12.1% of the WHO's total revenue, whereas the share of voluntary contributions was 87.5% (KFF 2025, 8).

This fragmentation of funding and shift towards earmarked voluntary contributions has created problems for the WHO's ability to fulfil its mandate, as priorities and policies are set by the World Health Assembly. In contrast, the larger share of the budget has been controlled by the most powerful donors of voluntary contributions (Brown et al. 2006). The assembly – in recent times, numerically dominated by poor and developing countries – is only in a position to control the use of the regular budget, consisting of assessed contributions. This situation has created turbulence within the organization, raising concerns about the WHO's independence from internal and external actors and its capacity to follow up on prioritized health areas and thus achieve its objectives. Moreover, the possible withdrawal of the United States means that the WHO loses its historically largest

financial contributor. Therefore, other states can fill this void.

The Ebola outbreak 2014–2016 and the call for reform of the WHO

The Ebola epidemic outbreak in West Africa in 2014–2016 was 'one of the largest, most devastating, and most complex outbreaks in the history of infectious disease' (Park 2022, 1). The outbreak put the WHO's designated role in the global health response system to a severe test – according to many observers, a role that the WHO failed to fulfil (Gostin 2014, 2015; Park 2022). The WHO headquarters was criticized for responding too late to the outbreak, for placing too much responsibility on the Regional Office for Africa, and for hesitating to respond amid political and religious pressures in the affected countries. According to the International Health Regulations (IHR) – a binding agreement administered by the WHO – the WHO director-general has the exclusive power to declare a so-called Public Health Emergency of International Concern (PHEIC), a mechanism that triggers a coordinated international response. During the Ebola outbreak the director-general did not declare a PHEIC until five months after the Ebola virus began to spread internationally and a long time after receiving warnings about the urgency to act, from local experts as well as from non-governmental organizations (NGOs) such as Doctors Without Borders (Park 2022).

The WHO's handling of the Ebola outbreak drew heavy criticism and calls for reform. The reform proposals included: increasing the WHO budget and shifting the budget towards assessed contributions, empowering the director-general at the expense of the regional offices to ensure that the WHO speaks with one voice, and to exert the WHO's constitutional authority as a normative organization by setting an ambitious agenda for negotiation of health treaties and voluntary codes (Gostin 2015). Some reforms were implemented, such as the creation of the Health Emergencies program, a Contingency Fund, and a dedicated global emergency workforce to be deployed rapidly to outbreak zones, the improvement of how the WHO assesses and communicates risks, strengthening of the implementation of the IHR and the enabling of rapid activation of research and development activities during epidemics to help fast-track effective tests, vaccines and treatments for subsequent outbreaks. Having established these initiatives, the WHO was assumed to be better prepared for the next international health emergency.

The COVID-19 pandemic and the subsequent withdrawal of the United States from the WHO

The COVID-19 pandemic was a massive health and societal crisis, which showed

how an infectious disease can spread around the globe in weeks, killing millions of people, as well as having devastating consequences economically and socially, and seriously setting back sustainable development (Independent Panel for Pandemic Preparedness and Response 2021). The pandemic also underscored the importance of international cooperation in combating the virus, including the development and availability of vaccines and other essential medical countermeasures. The WHO played an important role in managing the pandemic – by declaring the outbreak of the COVID-19 virus a PHEIC, by assisting affected countries with knowledge, equipment and personnel, providing recommendations and advice on health measures, coordinating surveillance and control, and by its joint leadership of the multilateral efforts in the COVID-19 Vaccines Global Access (COVAX) initiative to develop and manufacture vaccines and to guarantee fair and equitable access to these vaccines all around the world.

However, the WHO's role during the pandemic was met with mixed evaluations. Central to the negative assessments were that the director-general could have declared the PHEIC earlier (a PHEIC was declared 31 January 2020 – one month after the coronavirus was identified), that the WHO was too soft on China, that the COVID-19 outbreak should have been declared a pandemic earlier (it was declared a pandemic by the WHO on 11 March 2020), that the communication of public health measures as well as the risks related to the virus were inconsistent, and that the system for funding was insufficient. The WHO received positive evaluations, particularly for its efforts to develop and make vaccines available – an effort that was nominated for the Nobel Peace Prize – as well as for its technical guidance and ability to deliver hands-on support to affected states.

One of the harshest critics of the WHO in recent times has been the United States (Chorev 2020; Yamey and Titanji 2025). On 14 April 2020, President Trump announced the suspension of United States contributions to the WHO pending an investigation into the organization's alleged mismanagement of the COVID-19 pandemic (The White House 2020). In a letter to the WHO's director-general dated 18 May 2020, Trump criticized the organization for sounding the alarm too late when the coronavirus was identified, for having a 'China-centric' bias and failing to hold China to account, and for providing inaccurate or misleading information (The White House 2020). He also cited the vast difference between the United States' contributions to the WHO and China's. Moreover, the WHO's general advice against travel restrictions was heavily criticized – advice that basically reflects the IHR's general discouragement against broad travel bans as well as the scope and purpose of IHR

(article 2), which says that a public health response to international spread of disease should avoid unnecessary interference with international traffic and trade. In the letter, Trump delivered an ultimatum: make necessary reforms, or the United States would redraw its funding permanently and reconsider its WHO membership:

> It is clear the repeated missteps by you and your organization in responding to the pandemic have been extremely costly for the world. The only way forward for the World Health Organization is if it can actually demonstrate independence from China. My Administration has already started discussions with you on how to reform the organization. But action is needed quickly. We do not have time to waste. That is why it is my duty, as President of the United States, to inform you that, if the World Health Organization does not commit to major substantive improvements within the next 30 days, I will make my temporary freeze of United States funding to the World Health Organization permanent and reconsider our membership in the organization. I cannot allow American taxpayer dollars to continue to finance an organization that, in its present state, is so clearly not serving America's interests. (The White House 2020, 4)

On 6 July 2020, President Trump announced that the United States would formally withdraw from the WHO, effective 6 July 2021. The Biden administration suspended notification of a withdrawal in 2021. That same year, the Independent Panel for Pandemic Preparedness and Response published its evaluation of pandemic management. The report included praise and criticism of the WHO and called for several reforms, including 'strengthen[ing] the independence, authority and financing of the WHO' (Independent Panel for Pandemic Preparedness and Response 2021, 48). In line with the intentions of strengthening the global health framework, two sets of negotiations were initiated. In December 2021, talks on a new WHO Pandemic Agreement were launched. The goal was to strengthen pandemic prevention, preparedness and response globally. In May 2022, negotiations on revising the IHR were initiated. These were based on the same goal. Then, on January 20, 2025 – on the day of his inauguration – President Trump once again notified that the United States would withdraw from the WHO, effective one year later (The White House 2025). In this letter, he repeated the criticism he made in 2020. The withdrawal was met with intense criticism and warnings about the long-term health consequences, both globally and in the United States (Horton 2020; Yamey and Titanji 2025). The negotiations and revisions to the IHR were finalized and adopted on 1 June 2024.

After finalizing negotiations in April 2025, the WHO adopted the new Pandemic Agreement on 14 May 2025. The United States will not be part of either.

We can summarize turbulence in the WHO in a few brief words. The WHO has experienced severe turbulence in the last decades. Some of the turbulence has been caused by internal factors, such as funding (turbulent organization) and questions about decisions at different administrative levels, including the director-general, the Head Office, and the regional offices (turbulence of scale). Even more serious turbulence, however, has been caused by external factors, where the political situation in the United States and its withdrawal from the WHO stand out as pivotal (turbulent environments).

Implications for EU-US cooperation on health

The United States has been central to the development and operation of the WHO for much of the organization's history. The EU did not engage actively in the WHO until the early 2000s, and particularly after 2010 – reflecting the parallel strengthening of the EU's general engagement in health policies. The EU's increased support for international health cooperation can also be seen in connection with the EU's role as a 'soft superpower' (Meunier and Milada 2018). This role implies gaining influence internationally through attraction and persuasion rather than coercion or military force, by means of 'soft measures' such as humanitarian aid and health assistance in capacity-building and knowledge-building. Health cooperation can thus be used as both 'soft' and 'smart' power to advance foreign policies (McInnes and Lee 2012, 54–55).

In 2022, the EU published its new Global Health Strategy, signalling its intention to play a more active role on the international stage and to provide strong support for the WHO and other multilateral organizations (European Union 2022). The report states that global health is an 'essential pillar of EU external policy, a critical sector geopolitically and central to the EU's open strategic autonomy' and that 'the EU intends to reassert its responsibility and deepen its leadership in the interest of the highest attainable standards of health based on fundamental values, such as solidarity and equity, and the respect of human rights' (European Union 2022, 4). The strategy also points to the need for 'a new focus to maintain a strong and responsive multilateral system, with a World Health Organization (WHO) at its core which is as sustainably financed as it is accountable and effective' (European Union 2022, 7). Two of the strategy's guiding principles

emphasize the importance of international institutions. Guiding principle 14 states the support for 'a stronger, effective and accountable WHO' and lists several prioritized actions the EU will take, such as seeking

> formal EU observer status with full participation rights as a first step towards full WHO membership, contribut[ing] to making the financing of WHO more sustainable, advanc[ing] WHO reform to strengthen its governance, efficiency, accountability and enforcement of rules, and strengthen[ing] the WHO's focus on its normative role in areas of global relevance'. (European Union 2022, 21)

Furthermore, guiding principle 16 states the general intention to 'ensure a stronger EU role in international organisations and bodies' (European Union 2022, 22). The EU also signals its intention to use a 'Team Europe' approach to follow up on the Global Health Strategy. Team Europe brings together a variety of relevant actors, such as EU institutions, member states and their diplomatic networks, financial institutions and other relevant organizations, to strengthen coordination, coherence and complementarity of actions and ensure the EU's influence and impact.

Thus, in recent decades, there has been a paradoxical development in the positions of the EU and the United States towards global health governance in general and the WHO in particular. Whereas the EU has engaged more actively and stated strong support for the WHO and other multilateral organizations, the United States has retracted from international organizations and agreements, thus prioritizing attempts at using its power to gain influence through unitary action and bilateral agreements (Hopewell 2021; Lake et al. 2021; Hylke et al. 2024; Flint 2025). This retreat from the liberal international order implies abandoning the recognized relevance and authority of common values, ideas and norms, which have been incorporated into and are an essential part of this order since the Second World War.

The question of the consequences of the United States' retreat for the transatlantic relationship thus arises. Is the relationship breaking down, or is it being renewed? Or is it 'muddling through' by adjusting cooperation based on issues seen as mutually advantageous? To make such assessments, it is necessary first to analyse the kinds of changes we are witnessing in the approaches of the EU and the United States to international health cooperation. In this context, two sets of concepts are relevant: bilateralism vs. multilateralism and transactionalism versus reciprocity (Keohane 1986; Bashirov and Yilmaz 2020; Flint 2025).

Table 12.1: Ideal types of approaches to international cooperation

	Bilateralism	Multilateralism
Transactionalism	Zero-sum games outside of international institutions **(Approach 1)**	Zero-sum games within international institutions **(Approach 2)**
Reciprocity	Plus-sum games outside of international institutions **(Approach 3)**	Plus-sum games within international institutions **(Approach 4)**

Reciprocity here refers to the principle of mutual exchange and equal treatment, often involving shared values and long-term cooperation. At the same time, transactionalism is a pragmatic, short-term approach focused on immediate, tangible gains in a zero-sum 'give and take' scenario. Reciprocity implies a relationship built on mutual respect and consistent, predictable behaviour where cooperation is assumed to serve the interests of all ('plus-sum game'). In contrast, transactionalism views relations as a series of discrete, one-off 'deals' in which each party seeks to maximize its immediate benefit, often with no expectation of future cooperation beyond the current exchange. It is important to note that the approaches presented in Table 12.1 represent ideal types; in practice, states may use one or more approaches, or a combination of them, in different settings and at different times.

Approach 1 refers to a state`s emphasis on using its power to achieve (asymmetrical) bilateral agreements with short-term gains. The approach implies a lack of support for international institutions and unpredictable cooperative relationships, where common norms and values are downplayed in favour of relative gains. The Trump administration's approach, particularly in its second term, shares many of these characteristics.

In **Approach 2**, international institutions are viewed as powerful tools for enforcing a state's will on others. The approach is based on the precondition that powerful states can dominate and control the international institution at stake. The United States arguably used this approach in the early years of the global trade framework established in 1947 with the General Agreement on Tariffs and Trade (GATT) and its successor institution, the World Trade Organization, established in 1995. Here, the United States used its powers to dominate the shaping of the rules and operation of the framework in favour of specific national economic interests.

Approach 3 refers to the idea of mutual gains through broad long-term cooperation outside of multilateral institutions. The close relationship between the EU and Norway and (until recently) between the United States and Canada can

illustrate this approach. **Approach 4** refers to the core idea of a liberal international order: that states should be governed by agreed-upon legal and political international institutions and norms, rather than solely by power or force, and that such international cooperation may serve the interests of all. Here, possible short-term losses from international commitments are assumed to be offset by long-term gains. This approach has received sufficient support in the post-Second World War period, including from the United States, so that a predominantly liberal international order has been maintained to date. This order has been characterized by a multitude of international organizations and agreements, as well as successive multilateral negotiations, which have provided binding national commitments across a wide range of issues – from trade and health to human rights and climate and environmental protection. However, as stated earlier, this order is now under severe pressure.

Based on the developments in global health cooperation described above, the EU and the United States have arguably moved in opposite directions regarding their approaches to international cooperation. Whereas the EU has become a more vigorous defender of multilateralism, seeking to play a more active role in international organizations, the United States has abandoned multilateralism in favour of bilateralism. The US withdrawal from the WHO, the United Nations Human Rights Council (UNHRC) and the Paris Agreement on climate change, as well as the Trump administration's circumvention of World Trade Organization (WTO) rules through its trade policies, are just a few examples of this. Moreover, whereas the EU emphasizes reciprocity and shared norms and values, Trump has clearly moved the United States further towards transactionalism.

Returning to the consequences for the transatlantic relationship of the United States' retreat from multilateralism, the question arises: How are transatlantic relations changing under the Trump administration? Three scenarios are possible, and I will describe each in turn below.

Scenario 1: A possible strengthening of the transatlantic relationship. One scenario suggests that the transatlantic relationship may move forward and be strengthened in the face of global uncertainty and common challenges, threats and needs. Clearly, there is currently little to support this scenario. When it comes to transatlantic cooperation within the framework of global health governance, we first and foremost see a decline. There were attempts to strengthen health cooperation from the late 1990s onwards. Some of these – such as the TTIP negotiations – while

others succeeded, such as the global health security initiative and the EU–US task forces for health and for antimicrobial resistance (AMR). However, the US withdrawal from the WHO means that the United States has put itself outside the EU's view of the core pillar of global health cooperation. This approach affects the WHO's operations and also spills over into transatlantic cooperation, for example, by putting many projects relevant to this cooperation at risk, including humanitarian aid, the fight against HIV/AIDS, and the fight against AMR. The potential to strengthen transatlantic cooperation on health is also undermined by the Trump administration's general bilateral and transactional approach to international cooperation, its withdrawal from multilateral agreements and organizations that the EU strongly supports, and its frequent shifts in positions and policies toward other countries. In addition, the harsh and distrustful rhetoric of President Trump against the EU does not help, as with his claims, for example, that the EU is a 'foe on trade' (BBC 2018), that it 'was set up to take advantage of the United States' (Politico 2018), that it 'was formed to screw the United States' (France 24 2025), and that it 'is, in many ways, nastier than China' (Axios 2025). Such rhetoric does not serve as a sound basis for a trustworthy, strengthened cooperative partnership.

Scenario 2: Maintain the transatlantic relationship by 'muddling through'. This scenario suggests that the transatlantic partnership will 'muddle through' geopolitical and domestic challenges through functional adjustments, while maintaining cooperation in areas seen as mutually advantageous. Some minor developments could support such a scenario – for example, that cooperation has continued to progress in technical and less political areas of health, such as mutual recognition of conformity assessment. However, the overall transatlantic relationship has been seriously damaged by the Trump administration's approach, which clearly limits the adjustments that can be made. First, the United States' withdrawal from the WHO puts many WHO-initiated cooperative projects involving both the United States and the EU at risk. One example is the combat against AMR. Second, many cooperative health projects depend on long-term commitments from involved parties to have any effect. The short-term, unpredictable approach of the Trump administration thus creates significant risks for engaging bilaterally with the United States on such projects. Third, much of the transatlantic cooperation on health is based on mutual trust, including technical cooperation such as mutual recognition of conformity assessment. Such trust has clearly been reduced in recent times.

Scenario 3: The disintegration of the transatlantic relationship. Following the assessments of the two other scenarios, recent developments clearly show a decline

and disintegration in the transatlantic relationship. Two developments are particularly important in this context. First, the United States' withdrawal from the WHO – and from other multilateral arrangements – makes it a less relevant partner for the EU, which prioritizes cooperation through the WHO (and other multilateral institutions). Second, the Trump administration's seemingly abandonment, or at least serious downplaying, of international law and common norms and values, such as human and democratic rights, clashes with the norms, values and principles emphasized by the EU. Third, the Trump administration's performance on the international stage, including its stance against the EU, makes it a less reliable partner – thereby creating high political risk for entering long-term commitments with the United States.

Responding to the turbulence: Four recommendations for the EU

The United States' withdrawal from the WHO creates a void in influence and authority that others can fill. The EU can contribute to filling this void by:

1. Continuing to support and prioritize the WHO and speed up contributions to strengthen the WHO's independence and financial situation.

This can be achieved by contributing to maintaining and strengthening the EU's role as a 'soft superpower' using health to advance foreign policy aims.

2. Building 'coalitions of the willing' within the WHO to strengthen the organization, influence and develop the global health agenda.

Experiences from major transboundary crises, such as the COVID-19 pandemic and the war in Ukraine, as well as the wear and tear on transatlantic cooperation under the Trump administration, have revealed vulnerabilities in Europe and the need to reduce the EU's dependence on other countries.

To address these challenges, the EU needs to:

3. Strengthen its ability to ensure health security and continue to prioritize strategic autonomy in the health area.

4. Downplay transatlantic cooperation on short- and medium-term commitments and avoid long-term commitments.

This way, political risks related to (health) cooperation can be reduced. The strain on the transatlantic partnership and the question of whether the United States can be considered a reliable partner reflect an

uncertain, high-risk situation for the EU. A pragmatic approach is thus needed, where the EU leverages mutually beneficial transatlantic ties while simultaneously developing supplementary and compensatory strategies.

The EU should therefore:

5. Strengthen bilateral health cooperation with like-minded partners, including Canada, non-EU countries in Europe and other trustworthy countries.

Implementing these recommendations would go a long way toward ensuring that the EU retains the ability to exercise independence in health policy and responses to global health emergencies in the long term.

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SECTION 3

DEMOCRATIC VALUES

CHAPTER 13

Overview and Background Democracy and Populism: The European Case

Douglas R. Holmes*
Department of Anthropology, Binghamton University, New York, United States

Abstract

This chapter examines the evolution of contemporary European populism from a collection of fringe insurgencies into a deeply embedded, institution-shaping force within the European Parliament and the broader European project. Drawing on three decades of ethnographic and institutional observation, it demonstrates how populist actors have mastered the procedural, rhetorical, and technocratic mechanisms of the European Union (EU), transforming them into instruments for advancing illiberal civilizational agendas centred on identity, personhood and sovereignty. Far from operating at the margins, these movements now occupy the political centre, generating viral configurations of thought and affect that shape public discourse and institutional practice across Europe. Their 'gain of function' has been amplified by transnational linkages – including increasing convergence with US populist strategies – and by exogenous cultural forces that escape standard policy analysis. The chapter argues that these dynamics pose a profound challenge to liberal democracy, requiring new analytical tools commensurate with the scale and complexity of the phenomenon.

Keywords: *European populism; illiberalism; European Parliament; identity and sovereignty; populist insurgency; transatlantic politics*

* dholmes@binghamton.edu

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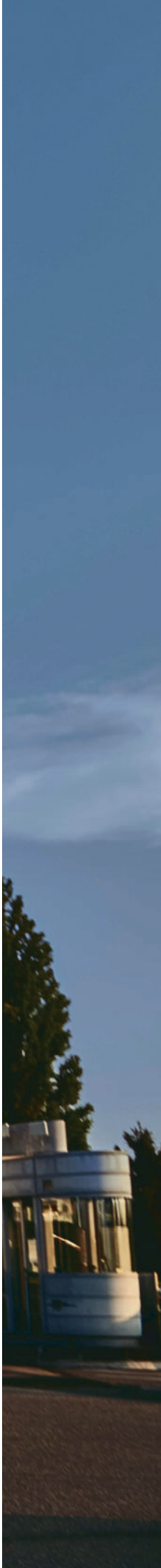

Introduction

Policymakers, scholars, and analysts have long presented populism as anti-institutional, or outside mainstream sites of governance and policymaking. But what the new research shows is that this is a new (and thus more dangerous) moment in populist political evolution: Rather than working from the outside in, populist leaders have effectively organized and governed from the very centre of our rule of law and democratic institutions. Whatever the outcome of any future election, the structures of feeling, the configuration of ideas which animate populism are now commonplace. Their anticipatory nature and expectational dynamics confront us daily. Populism is no longer the agenda of unruly individuals and loathsome factions; we all occupy a political field increasingly defined by the exigencies of contemporary populism (Miller-Idriss 2018; Zerofsky 2024). And this fact, even from the perspective of a few years ago, would have been unthinkable.

Populist movements – bracketed typically as extreme- or far right with national, subnational and regional variants – have defined an increasingly expansive, illiberal politics of Europe and as such challenge the sanctity of democratic norms and values as well as the primacy of the rule of law. For more than three decades a decisive confrontation has unfolded within an institution of the European Union, the European Parliament, revealing the dynamic interplay between populist insurgences and democratic institutional norms and conventions (see Tonne forthcoming). European integration provided a template for a populist insurgency within which the continuous generation of tactical positions was accomplished. Members of the European Parliament (MEPs) representing these groups mastered the institutional procedures of the EU, allowing them to insinuate their disruptive, occasionally ludicrous, positions into parliamentary discourse and debate. They were alert to every policy indiscretion and every organizational failure – notably regarding the Euro and immigration crises – which they exploited with devastating effect. On a more fundamental level, the MEPs orchestrating this insurgency developed a series of pivotal civilizational priorities – spanning language, religion, race and gender – which they sought to endow with political legitimacy and currency. Rather than abstract economic or technocratic interests, these MEPs have sought to shape a discourse on Europe in which the nature and dynamics of sovereignty are aligned with the sublime aspiration of identity and personhood.

This brief text thus seeks to provide a primer of sorts for understanding the

formidable historical and philosophical exigencies by which illiberal agendas are assuming a fully democratic guise, creating a vast field of political thought and action increasingly populated by young activists and their supporters. The European elections of 2024 and the subsequent election of Donald Trump as US president marked a decisive moment in this political history. A series of micro-insurgencies, which I have studied for more than three decades, underwent a 'gain of function', a term I have adapted and modified from virology. By that I mean, certain struggles – in many respects benign and prosaic struggles – can yield new and highly virulent and transmissible configurations of thought and action. Newly elected MEPs representing Patriots for Europe (PfE) and European Conservative and Reformist (ECR) are orchestrating this transformation, this gain of function. They no longer seek to disrupt, curtail or reverse the European project; they aspire to fully conquer it from within, achieving a new, totalizing politics.

How the European case discussed herein can inform a comparative analysis of US politics is very much an open question. There is, no doubt, a systematic and intensifying transatlantic sharing of tactics and strategies underway at many levels of politics and policy. Most obviously, tariffs proposed by the Trump administration are calibrated simultaneously as instruments of domestic US policy and as vehicles for transforming the entire global economic and political order. They ramify through populist politics on both sides of the Atlantic, hinting at a new global framework provisionally articulated in the Mar-a-Lago accord (Mar-a-Lago Accord, n.d.). Relatedly, institutional and regulatory capture in the United States and the EU are also striking tactical aspects of the populist insurgency, anchoring these insurgencies in the rent-seeking schemes of firms and corporations, as well as in the policy orientations of diverse (typically illiberal) special interest groups.

Far less accessible to standard policy analyses are exogenous forces animating contemporary populism: creative outlooks, sensibilities and practices that continually disrupt and recast conventional democratic norms and conventions. What follows is an investigation of these exigencies from the European side of the Atlantic. The degree to which they align with the other side constitutes the decisive question of our time. Indeed, the European case poses decisive questions regarding the nature and function of policy itself and its relations to the interests and outlooks of the public at large.

When I began in the late 1980s observing and analysing the form and content of emerging populist political formations, I was struck by their emphatically future-

oriented agendas, predicated on 'Europe' as the political field, and European integration as the domain of dissonant thought and action. At the time, European integration was barely imaginable, and yet, I encountered activists plotting a low-key insurgency within this supranational project, a project which, for many Europeans, was at the time little more than an ill-defined dream or fantasy. During that period, I had conversations with eight founders and or leaders of these diverse populist groups (Holmes 2000). Over the ensuing three decades, these MEPs and their successors defined an increasingly expansive illiberal politics of Europe. European integration provided the template against which the continuous generation of positions was accomplished. The European Parliament's institutional practices and democratic norms were mastered, allowing these MEPs to insinuate their disruptive positions into parliamentary discourse and debate. They learned the intricacies of the EU institutionally and sought to employ this knowledge opportunistically, as an increasingly defiant oppositional stance, which they were prepared to exploit and pillage.

Rather than treating populism merely as a species of politics, I have sought to investigate it as a much broader systemic phenomenon: a configuration of ideas that are continually generated, circulated, and contested, capable of colonising feelings, thoughts, intimacies, devotions, moods, and actions. Populist ideas shape perceptions of what is just or unjust, what is real or unreal, and, ultimately, what it means to be human. Populism thus emerges as an intricate communicative field spanning Europe, an entangled web of meaning that constitutes a dissonant realm we all inhabit. The challenge we face is how to engage the forces animating populist politics, particularly those rooted in powerful attachments to identity, belonging and personhood, forces which resist simple analytical abstraction and quantitative analysis (Shoshan 2022; Szombat 2021).

Populism observed

Populist activists have cultivated a public, spanning left and right across Europe, eager for a message of withering discontent with the technocratic regime in Brussels. They proposed alternative science, political economy, and metaphysics of solidarity in which the dynamics of sovereignty are anchored to the sublime aspiration of identity and personhood. The policies governing immigration, the fate of refugees, various domains of cultural identity, as well as law and order, have become prominent as the issues the extreme right owns, no longer as a disruptive or marginal preoccupation, but as defining issues of and for Europe, issues which

moved to the centre of fraught political contestation in the twenty-first century.

So, what is the nature or substance of this politics? How has a compendium of discontents, which have animated these insurgent groups for decades, been recast as a self-confident program aimed at recrafting virtually every institutional agenda of the EU from within? What follows are thirteen insights – affordances – designed to orient meaningful and sustained political engagement with a European-wide populist insurgency.

1. Populism is alive, relentlessly and emphatically defining and redefining itself. And this fluidity, this fugitive character, this profoundly systemic and ambient nature creates confounding problems for those who seek to resist or oppose it, for those who seek to grapple with its all-too-human fears and desires. At the core of contemporary populism lies illiberal aspirations that seek to colonize every expression of identity and attachment, encompassing all aspects of truth, beauty, piety, resentment, and depravity (Eco 1995). At the dissonant cultural frontiers of populist insurgencies, protagonists continually seek to establish boundaries of affinity and difference, particularly along lines of race, gender, ethnicity and religion.

2. Populism is manifested through a far-reaching division of labour and a thoroughly distributed organizational structure, in which numerous micro-insurgencies continuously intersect. European populism exhibits countless permutations; each aligned with and contingent upon the diverse expressions of cultural identity and social distinction articulated in various dialects and vernaculars. What may seem like isolated beliefs and practices carried out by small groups of local activists are, in fact, interconnected through social media and face-to-face interactions with other groups that are formulating parallel or complementary agendas (Pasieka 2024). These agendas can be swiftly appropriated and refined. What may seem like a tight-knit group of activists engaged in a local insurgency on the outskirts of Gothenburg, Porto, Kraków or Belgrade can be interconnected via social media platforms to countless enthusiasts across the continent and beyond. This connectivity creates a widely distributed political configuration characterized by a diverse array of outlooks that reflect agile articulations of the contentious social, cultural and personal struggles of our time.

3. What is perhaps most appalling and perplexing about populism is not its alien nature, but rather its proximity to our values, values that can be aligned with fundamental elements of familiar philosophical and cultural tradition. Popu-

lism must be understood as integral to the intellectual, sociological, aesthetic and religious traditions of Europe, specifically the enormously complex lineages of the European Romantic traditions, an alternative modernity, informed by virtually every aspect of what we term, all too simplistically, 'humanism' (Berlin 1976, 1979).

4. From the motifs and metaphors found in diverse folkloric traditions to the myriad genres of popular culture, populism operates as 'a style of life', assimilating new meanings and affective predispositions. This functioning highlights populism's capacity to merge, fuse, and synthesize elements that would typically be considered incompatible (Holmes 2019; Shoshan 2016; Teitelbaum 2019). The unsettling premise is that populism functions as a creative force – one that can shape not only our politics but also our feelings, thoughts, intimacies, moods and actions; our perceptions of justice and injustice; our understanding of reality; and ultimately, what we take to be human (Pasieka 2024).

5. Populism is compelling because it resonates with deeply held convictions about the nature of human collectivities, intertwined with specific understandings of individuals' capacities to think, feel, experience and act. While brutality and cruelty are undeniable aspects of our humanity, so too are compassion, sympathy, devotion, rage and indifference. These elements comingle with coercion, repression, opportunism and even humour. Discourses surrounding 'solidarity' and 'care' have become fully integrated into the populist social imaginary. These civic activists insist on the future-oriented trajectory of their politics, foregrounding the moral and ethical nature of their aspirations. They have shrewdly linked their populism with something that can be termed 'progress', revolutionary progress, despite its cloying invocations of the past (Berezin 1997; Buzalka 2020, 2021). Feelings, styles, moods, devotions and desires abound, but they typically do not align with something that can be called populist 'doctrine' or 'ideology' (see Bickerton and Accetti 2021). Populism is not a static ideology; it is in motion and improvised (Gusterson 2021; Loperfido 2018a).

6. Populists seek to define what it means to be human in opposition to that which can annul our humanity. The disenchantments, alienations, estrangements enlivened by liberal democracy, cosmopolitan society, pervasive materialism, unrelenting consumerism and bourgeois individualism are the foils – the enemies – the counter-models of and for contemporary populism (Herzfeld 1987; Kallius and Adriaans 2022; Mazzarella 2019). Young activists decry the bloodless cliches underwriting the secular world and the necrotizing logics im-

pelling global capitalism. They harbour virulent appraisals of capitalist modernity; they embrace wide-ranging and devastating insights – 'critiques' – on the dynamics of unrelenting 'cultural disenchantments', specifically, 'its steel-iron casting', its 'iron cage' (Herzfeld 1993; Holmes 1989; Weber 1946).

7. Populist insurgents have brutally exploited the predicaments of immigrants, refugees, and displaced persons to fuel their militancy (Kallius and Adriaans 2020). Issues of gender, transgender identities and reproductive rights and obligations have increasingly taken centre stage in nearly all expressions of populist activism, activism prone to aggressive outbursts and violent confrontations. Equally significant is the intense scrutiny faced by the legal and regulatory frameworks designed to address past injustices, alongside the erosion of basic codes of civility and norms of sympathy and compassion. Human dignity and decency that language affords are under threat, exposing every cosmopolitan role and lifestyle to scrutiny. Professional statuses are challenged, and bastions of elite privilege associated with them are being devalued. In this context, 'traditional hierarchies' are being embraced as all-encompassing alternatives, serving as bases for prestige, power, exploitation and treachery. Oppression and repression increasingly encroach as pronatalist agendas predicated on the sanctity of 'traditional family values' gain currency.

8. Adherents themselves engage in refining and repurposing every aspect of collective experience, every marker of social distinction, as well as every practice of belonging (Fassin 2013; Holmes 2009). They ask astute and canny questions about the social and economic order. Various strata and segments of the public – an 'agentive public' – are thus designing populism on their own terms out of the diverse materials, old and new, circulating in their midst (Buzalka 2015, 2020; Eriksen 2016; Holmes 2023; Loperfido 2018a, 2018b; Shoshan 2022; Stacul 2011, 2014).

9. From the last quarter of the twentieth century, the architects of contemporary populism took the European project seriously, and, again, they have systematically mastered its institutional and, more specifically, its technocratic contradictions and its blatant (and not-so-blatant) hypocrisies (McDonald 1996; Shore 2000; Tonne forthcoming). For them a looming multiracial and multicultural Europe – which they believe is the ultimate purpose of cosmopolitan agendas of integration – is an anathema, foundational to their racialized politics, their circumscription of solidarity and their fraught appraisals of social justice and injustice.

10. The European Parliament, as suggested above, served as a decisive institutional setting in which political movements and parties could, because of different electoral thresholds, attain representation which had typically been denied them on the national level (Holmes 2000; Tonne forthcoming). They coordinated their participation in parliamentary affairs, they formed political groups, they refined a variety of programs, they crafted a rhetorical style, they often disagreed with each other, and yet they found something like a common ground, albeit a shifting one, from which to formulate their scathing attacks on just about every aspect of the EU itself. Under the guise of 'Euroscepticism', they formulated rhetorical positions opposed to every aspect of a cosmopolitan Europe. 'Scepticism' served as a thin cover for their fulminating hatred of virtually the entire supranational agendas of the EU.

11. Rather than abstract economic or technocratic interests, contemporary populists have sought to shape a discourse on Europe in which the nature and dynamics of sovereignty are aligned with the sublime aspiration of identity and personhood (Balibar 1991; Le Pen 1989). And yet, at the same time, they have sought to recast every initiative of the EU for their own material advantage. By so doing they have become skilled at reconfiguring liberal EU projects and programs for the furtherance of illiberal ends. What began in the last two decades as a systematic challenge to the EU's commitment to the 'rule of law' by Polish and Hungarian leaders has given way to an alternative design of Europe, under- and over-written with repressive values (Geva 2021; Orbán 2024; Schmitt 2005; Tonne forthcoming). Leaders have sought to design an illiberal political order by means of the institutional and judicial apparatus of member states – in overt defiance of the EU treaties – to address what they contend are profound civilizational struggles (Orbán 2024). And they have done this largely through democratic means. Populism has been incubated within the institutional project of European integration; its dynamics mirror perversely the historical exigencies of the European project cast against the entrenched powers of its member states (Adenauer 1966; Duchêne 1991; Holmes 2000; McDonald 1996; Shore 1993a; Shore 1993b; Shore 2000).[1] Illiberal, antidemocratic values have licensed, as it were, wide-ranging corruption and incompetence in the service of stark kleptocracy.

1. This configuration of European politics aligns with of what Christopher Bickerton and Carlo Invernizzi Accetti (2021) term 'technopopulism', impelled by market forces and the science of public opinion.

12. Members of the populist public are all activists; their agency is decisive in impelling a self-radicalizing mindset (Eriksen 2016). For them, rather than a towering historical formation, populism is manifest in the predicaments of everyday life, in the intimacies and antagonisms of interpersonal relations, in the crosscurrents of community and livelihood. And they, these activists, have demonstrated how populism can be relentlessly insinuated into virtually every register of taste, perception, faith and ardour. They have designed a vitalist (and virulent) politics for their own grounded purposes and pragmatic ends (Buzalka 2020, 2021; Kotwas and Kubik 2019; Loperfido 2018a, 2018b).

13. Virtually all the characteristics of populism described herein are manifest as a function of social media – the 'digital real' – most importantly, its self-radicalizing propensities (Boellstorff 2016). Gaming, and the vast, overwhelmingly male culture of gaming, is perhaps paradigmatic of this self-radicalizing potential. Navigating between virtual and face-to-face encounters is now a pivotal, and perhaps overriding, challenge for contemporary analysis on these and related matters (Kallius and Adriaans 2022).

Each of the intersecting observations outlined above requires elaboration and refinement: some are over- or understated, others may prove to be patently wrong. Plainly, more refined analyses, notably addressing the likelihood of violence on issues of race and gender, are needed, as are far broader appraisals of the decisive role of social media. The continuing or enhanced relevance of the post-socialist transition and the enduring divisions it has left across Europe require continual appraisal and reappraisal. The war in Ukraine looms as an excruciating reminder that the violent enthusiasms described herein can be aligned with militarism and terror as a potential, if not resolute, adjunctive of and for contemporary populism.

Conclusions

In this short text I have sought to emphasize the stark challenges operating at the cultural frontier of populist insurgencies, insurgencies that are posing manifold challenges to an enduring liberal-democratic order in Europe. I have further emphasized the emphatic cultural fears and aspirations animating contemporary populism, sensibilities which resist those stylized abstractions and modelling techniques which inform conventional political analyses. Thus, to fully engage the world-historical challenges we face requires a new empirical toolkit, new analytical assumptions, new understandings of the nature and purposes of democratic politics and the efficacy of policy intervention.

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CHAPTER 14

Illiberalism and Democracy: The Populist Challenge to Transatlantic Relations

Saul Newman*
Politics and IR, Goldsmiths University of London, UK

Abstract

The election of the paradigmatic populist Donald Trump to his second term as president of the United States raises serious questions, not only for transatlantic relations but also for the democratic values supposedly shared by the United States and much of Europe. The new Trump administration has not only upended normal diplomatic relations with many European countries and the European Union (EU) – particularly over trade tariffs, its commitment to NATO and its support for Ukraine – but has sought to interfere in internal political debates, and even to call into question democratic procedures, as we saw in the case of Romania. This chapter will seek to understand these developments by exploring the central tension between populism and democracy. While populists claim to speak directly on behalf of the 'people' and against the 'elites', their understanding of the people is a homogeneous one that excludes not only the elites but also minorities. Moreover, populism proposes an authoritarian model of politics that endangers pluralism, the rule of law, judicial independence and the intermediary procedures and institutions of liberal democracy. Recent and ongoing tensions in transatlantic relations must be seen in the context of a global right-wing populist assault on liberal democratic norms and values.

Keywords: *democracy; illiberalism; populism; security; transatlantic relations; Trumpism*

* s.newman@gold.ac.uk

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Introduction

Relations between the United States and much of Europe have soured under the first, and, particularly, the second Trump administration. The 'golden age' of transatlantic relations that emerged after the end of the Second World War and with the establishment of a rules-based international legal and trading order now seems a distant memory. The United States' imposition of trade tariffs on the European Union (EU) and uncertainties about Washington's commitment to NATO and its support for Ukraine have caused a major rupture in relations with Europe. The Trump administration has shown an open hostility and contempt for Europe, referring to European countries as 'freeloaders' and admonishing European leaders for their abandonment of the principles of 'free speech'. Trump himself has at times seemed more sympathetic to Putin than to Zelenskyy, and his style of governing is more akin to Viktor Orbán (a self-described 'illiberal democrat') than to the leader of the 'free world'.

These developments – previously unthinkable – have upended normal relations between the United States and Europe, leaving many European leaders questioning the reliability of their once close ally and strategic partner. The post-Cold War international order is fragmenting, and a new global (dis)order is emerging, comprised of competing power blocs – the United States, China and Russia – in which the EU is regarded by the US administration as an irrelevance, or even as a potential enemy. However, this state of affairs is more than simply the consequence of a transactional president with an America First agenda. The fraught state of US–European relations represents a new 'clash of civilizations' – to invoke Samuel Huntington's famous term – between competing visions of democracy. In other words, the recent fracturing of transatlantic partnerships must be understood in the broader context of the global rise of right-wing populism and the particular challenge it presents to the once-hegemonic liberal democratic model.

This chapter will explore the contemporary phenomenon of populism, which has become a defining (and perhaps permanent) feature of political life globally, and the extent to which it opposes liberal democratic institutions, norms and values. Populism proposes an alternative and, as I shall argue, an authoritarian model of democracy, one based on the unmediated 'will of the people' and largely hostile to political pluralism, the rule of law and the rights of minorities. My focus here will be on right-wing populism – that is, a populist model of politics allied to far-right ideologies. Right-wing populism might be seen as a form of radical

conservatism, combining economic libertarianism, political authoritarianism, nativism and xenophobia, strong religious identity and socially and culturally conservative values; essentially an antiliberalism, which accounts for its hostility to supranational projects like the EU, as well as to what is perceived as the secular permissiveness of many European societies and their tolerance of multiculturalism, open borders and mass immigration. Of course, populism is a dominant presence on the European political landscape, with right-wing populist and Eurosceptic parties either in government (e.g., in Italy and Hungary) or knocking on its doors (e.g., France, Germany and the United Kingdom). Moreover, there is a growing ideological alignment between these European populist forces and those in other parts of the world, particularly the United States. My chapter seeks to understand the spread of right-wing populist ideology beyond national borders and to see it as part of a global political realignment that has succeeded in disrupting the liberal status quo. This realignment represents a significant shift in transatlantic relations, affecting its basic pillars of security, trade, international institutions, and, especially, democratic values, which will be the focus of my chapter. It is too early to predict whether the ascendancy of nationalist populism – which is opposed to the idea of a liberal global order as the previously shared normative commitment of the United States and Europe – constitutes a permanent break in relations or a temporary moment of instability. But the rise of populist currents on both sides of the Atlantic is already causing major stresses and fractures in the transatlantic framework.

What is populism?

Populism is a notoriously slippery concept, and the vast and ever-growing literature on the topic testifies both to its importance and impact on politics, as well as to its conceptual vagueness. Populism has been studied as an ideology (albeit a 'thin-centred' one; see Mudde and Kaltwasser 2017); a discourse (see Laclau 2005); a performative style of politics (see Moffit 2017, 2020); an antisystem mobilization (see Canovan 1999); and as a political strategy (Weyland 2017). Some studies have focused on populism as an anti-establishment protest (see Albertazzi, McDonnell and Aslanidis 2024), while others have focused on populism in government (see Albertazzi and McDonnell 2015; Venizelos 2023). Populism can be defined by so many, or so few, characteristics as to render it often either too specific or too general a concept to be useful (see Arato and Cohen 2022, 7). Yet, my aim here is not to present a survey of different theoretical approaches to populism, but to identify some of its core elements.

I take an 'ideational' approach to populism, seeing it as a certain way of imaging social relations as being based on a central opposition between 'the people' and 'the elites' (see Mudde and Kaltwasser 2017). This is a moral opposition, where 'the people' are seen as morally pure, authentic, honest, hardworking, etc and as being deceived and exploited by duplicitous elites, who have betrayed their economic interests to a liberal, globalizing agenda. Populists claim to be on the side of the people against these nefarious and corrupt elites and to want to restore sovereignty and self-determination to the people. In this sense, populists claim to affirm a more genuine democracy – based on the unmediated will of the people – in opposition to the elites who provide only the fig leaf of democracy, behind which they pursue their own economic and political interests. The elites, it is claimed, have nothing in common with the people and do not share their values and interests. When Trump complains about the 'Washington establishment' whose policies have led to American decline – through 'unfair' free trade agreements and mass immigration – and when he promises to restore manufacturing and industry and to bring jobs back to the rustbelt; when he promises to 'Make America Great Again' through protectionist policies and trade tariffs, he is essentially playing the populist card. This basic narrative of the people vs the elites is shared by all populisms, from Trump in the United States, Erdoğan in Türkiye, Le Pen in France, to Morales in Bolivia and Lula in Brazil. Indeed, left-wing populism – as typified by the last two examples – also sees the people pitted against financial oligarchies and the political class that serves their interests.

How does populism endanger democracy?

Why, then, is populism a potential threat to democracy? After all, democracy is all about popular sovereignty and the 'will of the people'. Populists work within democratic systems, run in elections and even support referendums and popular plebiscites. Populist leaders claim to espouse a more genuine form of democracy by giving the people 'what they really want' and expressing their desires in a direct and unmediated fashion, bypassing the usual channels of parliamentary procedure and the mainstream media. However, it is precisely this emphasis on the 'will of the people' that makes populism dangerously ambivalent towards democracy. However, the problem with this sort of direct relationship with the people – characteristic of populism – is that it undermines and weakens the mediating functions and procedures central to liberal representative democracy. In a liberal democracy, institutions like parliaments, the independent judiciary, and the media act as

intermediary bodies between the people and power; their function is to mediate the popular will into a form of governance that can take into account a diversity of views, opinions, and interests. The will of the people – as articulated by the populist leader – cannot, and should not, be absolute; popular opinion must be limited by the rule of law and filtered through the representative function of political parties. The weakening of these norms – which usually happens under a populist-led government – leads to the 'disfigurement' of democracy (see Urbinati 2014).

In populist discourse, 'the people' are defined in absolute terms, as a homogeneous identity that necessarily excludes other identities that are seen as not genuinely part of 'the people'. Such exclusion refers not only to the nefarious elites, who are in any case often vaguely defined – financial and political elites, but also various cultural elites who support a 'woke agenda' and who do not share the same values as the 'real' people – but also to minorities, with whom the elites are seen to be complicit. These minorities tend to be immigrants, who are seen to weaken national identity, come from different cultures with incompatible values, steal jobs from locals, pose a security threat or become a drain on resources. Indeed, mass immigration and 'illegal' border crossing is emerging as the central political issue in the United Kingdom, much of Europe and, under Trump, in the United States. The immigration issue gives rise to populist currents on both sides of the Atlantic. However, in populist discourse, other minorities – such as cultural, sexual and gender minorities – can also be positioned as 'enemies of the people'. Indeed, there is seen to be a kind of conspiracy between the establishment and the minorities they enable. When right-wing populists condemn the 'woke agenda' supposedly pushed by 'out of touch' cultural, intellectual and political elites (the mainstream media, academics, Hollywood celebrities, liberal politicians, the judiciary, human rights advocacy groups, 'leftist' lawyers, etc) it is in the belief that they unfairly support the interests and rights of minorities over those of the majority. – For populists, the people – usually defined as the natives – *necessarily* presupposes homogeneity, as well as supremacy concerning other 'outsider' groups. Now, if one's view of democracy is that the interests and rights of majorities should always be placed above those of minorities, then the populist understanding of the people makes sense and is consistent. However, the liberal democratic tradition – centred around the problematic of the 'tyranny of the majority' – believes that democracy involves more than just the popular will, but also a respect for the pluralism of values, interests and identities and that it must defend the rights of minorities as equal to those of majorities.

Not only is populism, in its homogenizing notion of the people, largely hostile to pluralism and minority rights (see Müller 2017), but it is also dominated by the figure of the leader, who is seen to directly embody and channel the will of the people. The populist leader sees him- or herself as the 'people's tribune', who shares their values, understands their suffering and gives them what they really want. Populist parties are not like normal political 'catch-all' parties that represent a diversity of interests, views and factions, but rather are entirely leader-centric; the party is the leader and the leader *is* the party. Think of the one-man political party of Geert Wilders in the Netherlands (the Party for Freedom) and think of the hold that Trump has over the Republican Party, which has essentially become the official arm of his MAGA movement. Indeed, Trump is a perfect example of the populist leader who claims to speak directly for and to the people – which is why he tends to bypass the normal channels of political communication, preferring mass rallies and social media to galvanize his supporters. This close relationship that populism seeks to establish between the people and the leader is what political theorists like Nadia Urbinati have referred to as 'direct representation' (see Urbinati 2019). The MAGA–Republican movement is more like a religious cult than a political party, and to his supporters, Trump can do no wrong. Trump once boasted that he could shoot someone in broad daylight and people would still vote for him, and there is no reason to believe he was wrong. The faith invested in the figure of the leader allows him to attack the 'deep state' and to promise to cut through the mire of bureaucratic inertia and complexity that obstructs the sovereign will of the people. The populist leader thus presents him- or herself as the 'strong man' type who is unafraid to violate the norms and procedures of politics, to say what everyone is really thinking, and to play fast and loose with the democratic rules of the game in order to 'get the job done'.

There have been many studies over recent years of populism in power. Populism has gone from being an oppositional politics challenging the establishment, to becoming the new establishment. So what do populists do when they get into power? How do they govern? And how do they sustain an anti-establishment position when they effectively become part of the establishment? This tension, between populism as an anti-establishment mobilization and populism as a form of government, partly accounts for the chaos of the first months of the Trump administration, with incoherent announcements over tariffs and foreign policy, the mass sacking (and then rehiring) of federal government employees, and hundreds of executive orders that have been overturned by federal court judges. The tendency of populists in power is to still play the part of the outsider, continue their attacks

on the 'deep state', the media, the judiciary, and entrenched interests, and to blame their policy failures on 'the establishment'. Yet, behind the scenes, populist governments meddle with the constitution, undermine the independence of the judiciary, attack journalists and universities, restrict the rights of minorities and seek to establish a form of strong executive rule that is largely unhinged from the rule of law. Populist governments form 'hybrid regimes', or 'democratorships' (see Rosanvallon 2021; see also Keane 2020): they retain the semblance of democracy in the form of parliaments, elections and an independent media, but behind this veneer, political opponents are harassed, the judiciary and media are intimidated, and power becomes centralized in the executive.

Populism is thus a challenge to the idea of constitutional democracy (see Arato and Cohen 2022). The paradigm cases would be Hungary under Viktor Orbán and Türkiye under Erdoğan. But increasingly the United States is coming to resemble a democratorship, or at least an increasingly contested and ambiguous democracy. Illegal and unconstitutional executive orders, arbitrary arrests and mass deportations by U.S. Immigration and Customs Enforcement (ICE) agents, attacks on universities – all these are signs that the United States is descending into authoritarianism, and there is real concern about whether the institutions of American democracy will survive this onslaught.

The global far right

Looking at Project 2025 – the ideological manifesto of Trumpism – it is clear that strong executive rule, draconian border control, isolationism, and the return to conservative and patriarchal values all form part of the agenda of the new US administration, constituting a right-wing assault on liberal secularism and pluralism. However, my point is that this ideological agenda is not unique to the United States: 'illiberalism' – driven by the forces of populism – is part of a political realignment whose effects are being felt around the world, and particularly in Europe. Orbán's version of democracy is looked upon as a model to emulate by Trump supporters: Steve Bannon, Elon Musk, and other figures of the US far right regularly address rallies in Europe and find favour with populist parties like Germany's Alternative for Germany (AfD); populist parties in Europe form right-wing alliances in the European Parliament; populist views on immigration – driven by fears of the 'great replacement' – become part of the political mainstream and gain legitimacy in the eyes of many voters; journalists and media organizations are condemned as 'fake

news'; climate science, net zero policies, and, indeed, scientific expertise generally, are attacked; and far-right populist politicians, political entrepreneurs and influencers – with powerful social media platforms at their disposal – continue to foment political polarization and sow distrust in the establishment.

Such factors do not bode well for transatlantic relations; nor do they bode well for the future of liberal democracy. We need to see these developments as part of a far-right ideological project which – while it is opposed to *globalization* – nevertheless has global dimensions and projects an alternative, socially conservative vision of the world that is very different from the liberal, rules-based order that we once knew and to which the transatlantic relationship, based on shared liberal values, was central. It may be that a new transatlantic relationship will emerge on the ashes of the old, formed of power blocs led by nationalist-populist governments. Whatever the case, the populist groundswell on both sides of the Atlantic is testing the former liberal democratic settlement to breaking point.

Conclusion and policy implications

In a recent book, Anne Applebaum (2024) has argued that autocratic regimes around the world have formed an ideological bloc united against a common enemy: the 'liberal democratic West' and its institutions, such as NATO and the EU. My claim would be that the United States' place within this schema is now, under Trump, highly ambiguous; is it still part of the 'liberal West' or is it part of the new 'illiberal' authoritarian alliance that targets it? Moreover, I do not propose a clear-cut division between autocracy and liberal democracy. It is more useful to see all regimes on a kind of sliding scale in which the difference between liberalism and authoritarianism is now a matter of degree rather than an absolute conceptual distinction. Many well-established liberal democracies have implemented security, law-and-order and border-control measures that would not be out of place in recognizably authoritarian regimes.[1] In a sense, democracy is an increasingly contested space. Populism is largely a symptom of this democratic dysfunction. While it endangers liberal democracy – for the reasons I have outlined above – it also has an important message for us: that democracy is not (and perhaps never can be) perfect, and that while there is mass

1. In a recent example, the UK government proscribed a pro-Palestinian activist group, 'Palestine Action', as a terrorist organization and arrested protestors – including an 83-year-old retired female priest – who demonstrated in support of the group.

citizen dissatisfaction with politics as usual, while many continue to feel under-represented by their elected officials, and while huge inequalities in power and wealth continue to exist (and indeed are becoming worse) populism will always be a feature of the political landscape. The populist challenge to liberal democracy is therefore also an invitation to rethink and reform it.

My work is part of the Horizon-funded 'Reclaiming Liberal Democracy in the Post-Factual Age' project, which has explored the central role 'post-truth' narratives and disinformation campaigns play in populist politics. This dynamic is regarded as a serious challenge to the resilience of European liberal democracies, and the EU has responded with a series of policy and regulatory frameworks designed to bolster democratic institutions. These have included the European Democracy Action Plan or EDAP (2020) which is committed to the protection of open political debate from malign interference; the creation of a transparent and accountable digital ecosystem; the promotion of an enabling civic space that ensures inclusive and effective engagement between public authorities, civil society organizations, and citizens; and the defence of the EU's democratic sphere from covert external influence (see García-Guitián and Bouza – forthcoming 2026). Whether regulatory frameworks such as these will themselves be enough to head off the threat from authoritarian populism is doubtful – but they are examples of the kinds of policy innovation needed to bolster liberal democracies on both sides of the Atlantic.

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CHAPTER 15

The Illiberal Bargain on Migration

Ruben Andersson*
Department of International Development, University of Oxford, UK

Abstract

Since the 1990s, Western states have pursued a dual migration strategy: economically liberal policies to secure labour supply and hardline measures against 'unwanted' migration. The Trump administration has amplified these long-standing tendencies. Across Europe, governments as different as the UK Labour Party and Italy's Brothers of Italy are cracking down on asylum and maritime arrivals while muddling through on labour migration. Economic and demographic pressures ensure persistent demand for migrant workers, even as short-term politics reward spectacular enforcement campaigns with damaging consequences. What has shifted is the growing centrality of migration as a security domain. Fears of 'weaponized' migration in Europe and Trump's confrontations with origin states show how trade and aid are being deployed to pressure poorer countries into cooperation on control and deportation. Despite hostile rhetoric, the European Union (EU) and the United States are increasingly converging on coercive, illiberal bargains. Whether labour market needs, practical limits or political resistance can soften this trajectory remains uncertain.

Keywords: *migration, borders, liberalism, refugees, security, transatlantic relations*

* ruben.andersson@qeh.ox.ac.uk

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Introduction

After the Cold War, it seemed briefly as if a new 'borderless' world was emerging. Yet as the Iron Curtain came down, new barriers appeared at the United States–Mexico border – continuing the 'securitisation' of especially Latin American migration pushed by Ronald Reagan's administration in the 1980s. In the European Union, securitization accompanied the establishment of a shared external border. In both cases, a security approach to migration emerged as the liberal vision of free trade and openness ran into deep contradictions. Yet this 'security model' has failed. This failure, in turn, has contributed to rising political fervour – fuelling, in the process, even more demand for border security.

Notably, the 'security model' short-circuited ordinary political procedure. Measures were frequently pushed through from the top with little democratic scrutiny. Externally, it involved strengthening the repressive apparatus of 'partner states'. Rather than bolstering democratic values, 'border security first' increasingly eroded their importance – as seen most starkly in the European Union's (EU) collaboration with repressive regimes.

Domestically, 'border security first' hindered a robust democratic debate over the realities of migration. In the United States, border enforcement was a stopgap measure to address a central contradiction of the North American Free Trade Agreement (NAFTA): capital and goods moved frictionlessly while workers did not. In the EU, border security similarly rose as a simple 'fix' when member states failed to enact a functioning common migration or asylum policy to accompany their new borderless area of free movement and trade.

In the process, a two-faced migration regime was consolidating on both sides of the Atlantic. The promotion of a globalized economy – including for large-scale labour migration – was accompanied by an increased, if selective, securitization of poorer overland migrants and asylum seekers from the south. The two sides of the transatlantic relationship, insofar as migration was concerned, seemed to move as much in lockstep as in other domains such as trade, finance and international security.

These recent historical patterns reveal some remarkable continuities in the politics of migration across the Atlantic. However, in recent years the 'security model' against unwanted migration has gained increasing salience despite solid evidence that it has tended to fuel border chaos and stronger smuggling networks

while eroding fundamental rights and liberties. The crisis footing over migration has been central to rising 'populist' or authoritarian sentiment, to the point where its framing and 'solutions' are increasingly mainstream.[1] While this tendency has become especially stark under the second Donald J. Trump presidency, the EU and many of its member states are equally wedded to the security model. Meanwhile, the failure to adequately account for the structural determinants of migration – the supply and demand of labour, deep demographic and economic imbalances, and drivers of forced displacement – will continue to haunt politics on both sides of the Atlantic. The risk is that, on current trends, this 'unresolved business' will keep fuelling demand for authoritarian 'solutions'. Here governments may not simply keep 'muddling through' but actively shift towards a renewal of transatlantic relations through hard securitization – including, besides vast investments in rearmament and surveillance, the securitization of mobility on a much wider scale.

The chapter will compare migration politics in the United States and at the EU's southern external border since the 1990s. We will examine one emblematic case, Spain, which became an important immigration destination around this time. As elsewhere in Europe, both conservative and socialist governments responded to this shift in part by securitizing numerically small movements of African migrants and asylum seekers towards Spanish land and sea borders – a pattern replicated on a much larger scale at the US–Mexico border. The security model has fed further border crises in both cases, while overall migration has continued to fluctuate in response to structural factors, with border security itself providing further impetus for undocumented migration. Next, we shift focus to the present Trump administration and to the increasingly nationalist politics of Europe, showing how the security approach has fed on its own failures while opening a window for radical offerings from the 'new right'. Throughout, we must understand US and European migration regimes as intertwined: rhetoric, expertise and technology have travelled across the Atlantic while buttressing an increasingly shared political outlook, with one partial exception: Spain itself, which in recent years has opted for a more liberal approach.[2]

1. The term 'populist' alluded to here as it is the keyword of the collection as a whole, would require specifying given its frequent blanket and negative use in public debate. Space precludes such a discussion.
2. The extent to which the 'epistemic communities' emerging on the new right will inflect these existing transatlantic bordering communities and practices remains to be seen (compare Robert Benson elsewhere in this volume); but the entrance into the border security market of new actors at the Big Tech/political interface are already starting to reshape it.

Europe's two-faced migration regime since the 1990s

A small Spanish enclave at the tip of North Africa is emblematic of the challenges in managing the EU's external border. At the 'autonomous city' of Ceuta, one of the EU's only two land borders in Africa, Europe erected its first border barriers against migration in the 1990s. Since this time, each new measure at the border has fuelled more dangerous entry methods, as the guards themselves point out. The fences were soon being breached *en masse*, similarly to the 'kamikaze runs' taking place at the San Diego–Tijuana border. When Madrid announced it would reinforce the barrier in 2005, migrants took their chance. The result was one of Europe's earliest 'border crises': an event in which at least fourteen migrants were killed in gunfire, with many more expelled deep into the Sahara desert.

Since that time, crises have periodically recurred. However, this has not stopped Ceuta's barrier from becoming a prototype for fences that today stretch from Greece to Finland. Spain also provided Europe with a model for 'externalizing' controls to African states, first in Morocco and later, when routes shifted due to post-2005 crackdowns, to West Africa.

Meanwhile, Spain pursued diplomatic efforts that fed into **the Europeanization of border management**. The Frontex agency conducted its first notable operations off the Canary Islands, where the next 'migration crisis' occurred in 2006, itself a knock-on effect of the 2005 crackdowns. EU initiatives on border security, development, and even 'mobility partnerships' multiplied – a process driven partly by member states such as Spain, keen to offer aid and diplomatic relations in exchange for African states agreeing to patrol migration routes and accept deportees. The carrots-and-sticks approach – articulated by European governments at a 2002 summit in Seville – seemed to offer a 'solution' that paired border security with opportunities for cross-regional collaboration.

In the intervening period, the Spanish economy continued to grow at a febrile pace. Amid demographic imbalances and strong labour demand, migrant workers were desperately needed. Madrid ensured a steady supply of workers, especially from Latin America, Eastern Europe and even Morocco. In this context, **the spectacle of border enforcement allowed politicians to show a 'tough' line on**

migration while simultaneously encouraging large-scale labour immigration.[3] This disproportionate concern over the external border was a Europe-wide phenomenon: indeed, already in the 1990s, northern European states had been leaning on their southern counterparts to enforce strict measures. Spain also remained emblematic of the wider European 'muddling through' on migration as it launched regularization campaigns and released boat arrivals from detention with a deportation order, free to join the informal economy.[4] The two-faced migration regime kept the economy thrumming and the borders 'secure' – sending a mixed message picked up in origin states and among European voters.

To critics in politics, advocacy and academia, a small minority of migrants and asylum seekers were seeing their basic rights sacrificed as they faced dangerous expulsions into desert areas by partner forces or extremely risky sea crossings in attempts to evade patrols and radar systems. The heightened salience of a small – and clearly racialized – minority of migrants was, at the same time, channelling right-wing 'populist' sentiment towards the borders, fuelling demand for further crackdowns. Meanwhile, deaths owing to 'Fortress Europe' policies since 1993 have been estimated at more than 66,000 – a staggering figure (United Against Refugee Deaths 2025).

The United States: A model of mismanagement?

A similar trend could be observed in the United States. In 1986, the Immigration Reform and Control Act, similar to Spanish efforts, offered an amnesty to undocumented migrants while paving the way for further crackdowns. President Ronald Reagan hardened rhetoric as he called undocumented migration 'a threat to national security' with 'terrorists and subversives… just two days' driving time' from the Texas border – echoing Trump's later pronouncements (Massey 2015, 288). By the 1990s, army surplus landing mats were stood on their ends outside

3. In the early 2010s, a Spanish immigrant census showed that, for all the media and political attention, fewer than 1% of those entering the country since 1990 had done so by means of irregular boat migration (Andersson 2014).
4. Indeed, many deportees in West Africa suggested that Madrid had opened the path to the Canary Islands as it needed workers in construction and agriculture (Andersson 2014).

San Diego to form the first rudimentary border barrier (Harding 2012, 91). Border security operations started multiplying while collaboration deepened with Mexico and Central American states – replicating the 'externalization' pattern of Euro–African relations.

Unlike those in Europe, migration flows across the southern US border were of a different magnitude. Very much like in Europe, however, Washington was 'muddling through' as it tried at once to satisfy labour needs and project selective toughness. The resulting 'border game' (Andreas 2000) offered a stark contrast with the post-Second World War approach. The bracero program – a bilateral agreement between the United States and Mexico that began in 1942 to address wartime US labour shortages and allowed millions of Mexicans to work legally in the United States as seasonal agricultural labourers – had once provided legal pathways for labour migration. Once it ended in the 1960s, irregular migration rose correspondingly as legal routes were replaced by illegal ones (Massey et al. 2015). As border enforcement saw vast sums of investment from the 1980s onwards, migrants still kept arriving – only now, they were easier to exploit.[5]

As in Europe, border security was deployed as a solution to an eminently political problem: it papered over the cracks and contradictions of a 'free' transnational market – a market that, through NAFTA, was leading to a 'migration hump' as many Mexicans left amid shifting economic opportunities. After 9/11, securitization escalated under the aegis of the U.S. Department of Homeland Security. However, the tremendous efforts did not halt deaths or irregular migration. In 1986, there were some two million undocumented migrants in the United States; after years of heavy border security investment, in 2008, there were twelve million (Massey et al. 2015). Many of these were migrants who no longer felt it safe to return to Mexico after the agricultural season, owing to the fences and patrols. Each new border crisis kept feeding demand for more border security, opening further avenues for authoritarian and right-wing forces to propose ways for breaking the stalemate.

5. Meanwhile, at the border, social scientists identified a 'voluntary-departure complex' – in essence, authorities apprehended migrants and then released them, incentivizing further entry attempts (Heyman 1995). This increased statistics of apprehensions while simultaneously feeding the informal labour market.

Post-2008: Securitization gains momentum

After the financial crisis, **the path dependency of the security model was strengthened on both sides of the Atlantic.** In the United States, immigration reform became increasingly contingent on ploughing even more funding into border security. While the political battles played out along broadly familiar lines, the underlying security model remained bipartisan, as revealed by Senate wranglings over draconian immigration bills or indeed the record three million people removed under the Obama administration (Foley 2013).

Yet in the early 2010s, Mexican immigration was in fact *falling* due primarily to demographic and economic factors. Migrant apprehensions were at their lowest numbers in about forty years (WOLA 2025). **The security model was taking on a momentum of its own**, irrespective of actual migration figures or its actual results.[6]

In Europe, the security model received great impetus from the 2015 border crisis, when record numbers crossed the Mediterranean via Türkiye and Libya. Frontex began operations with a modest budget of €19 million in 2006: by 2022, it had reached €750 million. The allocation to Frontex was but a small part of the expenditure on the national level, or the cost of externalizing controls. The security model was building further momentum via attempts by both 'partner states' and hostile actors to use irregular migration as a bargaining chip with Brussels and EU capitals. Favours included financial disbursements – such as €1 billion in aid for Niger, the exact sum it had asked for in 2016 'to fight clandestine migration', or the much larger aid deal struck with Türkiye (Financial Times 2016). It also included political favours, such as Spain's acquiescence to Morocco's occupation of Western Sahara as quid pro quo for Rabat playing its on-again-off-again role as Europe's 'gendarme'.

6. Incidentally, many political, institutional and commercial actors – from companies providing the hardware to outsourced forces fighting migration along transit routes and employers inland – stood to gain from this momentum. Since the end of the Cold War, the Border Patrol budget has increased almost twenty-fold – from some $263 million in 1990 to $4.8 billion in 2024. In a reflection on the 'winners' of securitization, the migration scholar Douglas Massey writes that a 'Latino threat narrative was manufactured and sustained by an expanding set of self-interested actors who benefitted from the perpetuation of an immigration crisis, which drove an unprecedented militarization of the border that radically transformed a long-standing migration system from a circularity to settlement' (Massey 2015).

In sum, **politicians on both sides of the Atlantic converged around a two-faced migration regime**: feeding migrants into their labour-hungry economies on the one hand, including illegalized workers who could be readily exploited, and launching tough-seeming crackdowns at physical borders and in third countries, on the other. The result was a growing enforcement industry and a self-sustaining spiral of securitization. In this spiral, there was eventually one clear winner: the challengers on the hard or new right, which actively played the two sides of the border regime against one another – using overall immigration figures as an argument for more crackdowns at external land and sea borders, for instance, or using the frequent crises at those borders as a justification for saying the whole migration system (and by implication, its mainstream political architects) was compromised.

2020s: total security

Even as political challengers started becoming more vocal – including in the United Kingdom's Brexit campaign, in the first Trump presidency, or in the rise of right-wing authoritarian forces across continental Europe – one could still see much transatlantic 'muddling through' on migration. However, **the two-faced migration regime is tilting further towards securitization**. The impetus is not only coming from the Trump administration or from Europe's authoritarian right. Centrist European governments are also adopting similar rhetoric and objectives, while increasingly following the new right's lead. Instead of sating popular demand for more border control, however, they contribute to an uncontrollable appetite for more security and for more hard-right solutions.

In the EU, policymakers are increasingly painting migration as a security problem. Measures include crackdowns on 'instrumentalized' migration – the tactic of using migrants as a bargaining chip, which developed in direct response to Europe's migration-induced panic. Even so, governments still adhere to the two-

7. We can also compare with the United Kingdom after Brexit. In recent years, it has experienced a pattern that offers parallels with the Spanish crackdowns on irregular migration, while being emblematic of the two-faced migration regime and its increasing tilt towards securitization. Brexit had to a large extent been framed as a task of 'taking back control' of the border. Yet, in the years since the vote, immigration increased by large numbers. The structural demand for workers had not gone away, and the UK labour market remained as unregulated as it had been when it first attracted large numbers of European workers. Meanwhile, rhetorical focus kept being hardened against the small number of asylum seekers and migrants arriving across the English Channel. Here, like in the Mediterranean, the security model kept failing in its ostensible aims. In earlier years, those seeking to cross the English Channel did so via the Calais tunnel and ferries. As

faced migration regime in important respects – including Italy's 'populist' right-wing government, which has opened legal migration pathways into sectors with labour shortages paired with harder crackdowns in the Mediterranean.[7]

In the United States, Trump has shifted focus inland. Raids on homes and workplaces have targeted green card holders and blue-chip technology companies (Financial Times 2025). European visitors have been caught up in crackdowns, adding potential transatlantic friction. Overall, the securitization of US cities and workers shows how the security model increasingly 'trumps' the economy. In the 'Big Beautiful Bill' of 2025, Immigration and Customs Enforcement (ICE) alone received an estimated $37.5 billion a year while its watchdog was gutted, citizenship-stripping came up for discussion, and the courts and Congress let checks and balances melt away – creating, as one commentator put it, a 'security state within a state' (Luce 2025).

On both sides of the Atlantic, there are again some clear winners. First, the hard or far right, which always offers more convincing 'security theatre'. Second, the defence, security and detention–deportation industries, which are seeing a staggering surge in demand. And third, the human smugglers, who have found themselves with a captive market – a lesson that has consistently been ignored despite clear evidence that criminal syndicates have grown stronger and more predatory on the back of enforcement efforts (Andersson 2024).

Where next?

The two-faced migration regime has proven remarkably long-lived, as even the most hardline governments struggle to square the circle of economic realities and security politics. However, we may also discern not just a quantitative but a *qualitative* shift in the security model. Migration is becoming central to how 'security' is envisioned, and this is occurring in transatlantic dialogue. We see this, for instance, in the

control and surveillance accelerated, routes migrated towards the sealine, leading to a booming market for smuggling via small inflatable rafts. In response, the Labour government has offered a 'counterterror' approach to fighting smugglers. As many predicted, this has failed miserably (Andersson 2024). In the absence of attention to the structural drivers of desperate migration – and in the absence of workable post-Brexit agreements with the EU – 'small boats' have kept appearing. As a result, the government has increasingly shifted towards painting overall migration as a problem. In spring 2025, it flagged crackdowns on care workers, nurses and students. A few months later, it launched plans for a digital ID as a means of stopping the boats – bringing repercussions for citizens as well. It is a sledgehammer to crack a nut: maritime arrivals into the United Kingdom in 2024 made up a paltry 4% of all immigration.

geopolitics of bargaining with migrants played by the Trump administration with origin and 'dumping' countries, or in the very similar deals being crafted by the EU and its member states. We see it, notably, in how the earlier emphasis on development and human security, especially in the EU case, has melted away. Even a classical 'security crisis' – Russia's full-scale invasion of Ukraine – has increasingly been framed in terms of 'instrumentalized' movements of desperate people.

The Trump administration likes to lecture 'liberal' Europe on sleepwalking into an 'invasion' – deploying rhetoric not dissimilar to that of Libya's Muammar Gaddafi when he once used racist language to threaten Europe over engineered migration flows. Yet the rhetorical smoke hides the reality of **increasing convergence around treating migration as a security domain**. The security model is now hitting legal migrants, permanent residents and sometimes even citizens with invasive surveillance and control. Meanwhile, both the United States and European actors engage in lopsided bargaining with poorer states over responsibility for migration and asylum, 'instrumentalising' migrants for domestic and geopolitical ends.

Some dampers exist, especially in the EU, where some aspects of the Union and some member states (Spain being one) hold out for a more liberal approach. In fact, one main risk of a breakdown in transatlantic relations comes from the Trump administration's putting its thumb on the scale in favour of far-right challengers while undermining checks and balances. Yet for now, the transatlantic bargain is developing, much as in the military domain, with Europe enthusiastically following through on further securitization. While we continue to see much 'muddling through' domestically, we are also seeing signs of **a 'renewal' of transatlantic relations around an illiberal bargain** that construes migration as a threat and refugees and migrants as bargaining chips in the international arena.

The path forward

For those who wish to reverse this trend, a few things should take priority:

1. Establish a civil liberties compact in the interest of citizens and foreigners alike. As we can start to discern both in the ICE raids in the United States and in various European initiatives of control and surveillance, efforts to securitize migration eventually start hitting the wider social fabric and affecting citizens' liberties as well,

while frequently fuelling an anxiety that benefits the far right.[8] A compact on liberties can ensure that the EU's 'area of freedom, security and justice' becomes concrete and meaningful for all residents. Baking in privacy and civil liberties safeguards into new control proposals is a start, as even some of the architects of the US homeland security state are now acknowledging.[9] Enshrining such safeguards would show that the EU is still keeping some faith in small-l liberal values – a project that may surprisingly appeal to many of the voters flocking to the new right, who, on the whole, are worried about state surveillance and overreach.

2. Rework relationships with 'partner states'.

The European externalization of controls has led to a *ceding* of control to neighbouring states, who have consistently used migration fears to extract political or economic concessions (Chebel d'Appollonia 2012). As border guards themselves recognize, it is a game the Europeans are increasingly losing. Here is an opportunity to shift to a more positive, pragmatic footing. It is in the gift of Brussels and member states to shift the equation back towards economic cooperation, humanitarian and peacebuilding support and reaffirmed democratic rights – but this will require some heavy lifting, including a revival of refugee resettlement programmes offering an alternative to displaced people and some goodwill to the world's largest refugee hosts in Africa and Asia.

3. Foster positive foreign policy coherence.

The EU and its member states can gear foreign policy towards less distress-inducing migration, not more, as is so frequently the case. The 2015 spike in arrivals was in no small part a knock-on effect of NATO's disastrous Libya intervention. While the chaos spurred large-scale departures from the country, Russia saw the risk of regime change elsewhere and scaled up involvement in Syria's civil war. Geopolitical bargaining with Syrian refugees followed. Today, EU support for Israeli war crimes in Gaza may not be adding pressure to Europe's borders – given the particularities of that context, and the lock-in of its bombarded inhabitants – yet the pattern remains: of foreign policy choices fuelling forced displacement rather than addressing it.

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8. Indeed, in the United Kingdom, protest against state surveillance of the kind offered by digital IDs – pushed by the Labour government as a 'solution' to cross-Channel migration in small boats – is an important part of the new right's political project.
9. As Michael Chertoff, the second Department of Homeland Security chief under George W. Bush, told a 9/11 commemoration in 2025, homeland security efforts 'need to be consistent with our values as a country' – a point increasingly forgotten amid the rush to securitization and surveillance (Government Technology and Services Coalition 2025).

4. Strengthen the social model.

The EU could be bold and see migration as an opportunity and a source of enrichment. Instead, it has frequently been handled terribly poorly through the two-faced migration regime – as a security problem on the one hand, and as a source of use-and-discard labour on the other. The security model, in other words, distracts from the need to strengthen labour protections. A smart policy would be to turn this around. In fact, a de-securitization of migration can occur in tandem with a strengthening of social security.

This strengthening would entail adequate labour standards and fair pay for citizens and migrants alike; fortifying the welfare state and so creating attractive jobs; cracking down on unscrupulous employers, not employees; and providing genuine rights for people fleeing persecution through safe routes rather than via the heavily policed borderlands that feed the smuggling economy and partner-state brinkmanship. Such controls would provide pathways to genuine 'integration' rather than generating just-in-time labour pools. Paired with targeted funds for local areas where migrants concentrate – as well as sensible policies for ensuring everyone does not end up in the same place – this will reduce costs and increase benefits for citizens. It may well put a damper on international movement as people respond to reduced labour demand. Incidentally, however, this may also help origin countries struggling with large outflows of their working population through unsafe routes. It will also offer migrants a genuine and safe alternative.

It is notable that *border guards themselves* are alive to the unsustainability of the two-faced border regime and its increasingly illiberal tilt. At Ceuta, the Civil Guard chief presiding over Europe's first border fences told the author in 2023 that migration had to be returned to the political fold. However, in his view, there was a 'political cost' that no government wanted to assume in creating regular labour migration. The EU, he suggested, could recruit workers into seasonal agricultural programmes or develop other pathways that could compete with 'irregular migration'. At the moment, he noted, there was no competition. Unfortunately, in the political sphere as well, there is increasingly no competing perspective against the disastrous security model, even as it extends its reach ever further into everyday life and into international relations. So far, the only real political winner in the securitization arena is the authoritarian right. For the EU project, and certainly for progressive and liberal actors within it, this should be the time to find a better, more rational, and more humane model that competes with the vision offered by right-wing authoritarian forces and their backers across the Atlantic.

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CHAPTER 16

Illiberal International: The Transatlantic Right's Challenge to Democracy

Robert Benson*
The Center for American Progress, Washington D.C., US

Abstract

This chapter investigates the transatlantic dimensions of far-right political mobilization, tracing the networks linking populist and authoritarian actors across Europe and the United States. It argues that the far right has become increasingly skilled at building cross-border alliances that exchange strategies, legal models, ideological frames and digital tactics to weaken democratic norms. Moving beyond nation-centred analyses, the chapter highlights growing coordination in anti-immigration rhetoric, attacks on 'gender ideology', and efforts to delegitimize multilateral institutions. It examines organizational links among US think tanks, European party foundations and online platforms that amplify common messaging, finance convenings and train activists, with particular attention to the language of 'sovereignty', 'tradition', and 'civilizational threat' as a shared rhetorical toolkit. The chapter also analyses the diffusion of legal hardball tactics – such as assaults on judicial independence, academic freedom, media and civil society – and assesses the implications of these transatlantic linkages for democratic resilience and effective counterstrategies.

Keywords; *democracy, transnational, populism, far right*

* rbenson@americanprogress.org

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Introduction

For decades, the transatlantic relationship rested on a shared moral and institutional foundation. The United States and Europe defined their partnership through liberal-democratic values – human rights, pluralism and the rule of law. Those principles gave coherence to the Western alliance and legitimacy to its global leadership. Yet that consensus now faces a coordinated and ideologically confident challenge. A network of far-right political actors across the Atlantic has learned to cooperate across borders, fusing rhetoric, strategy and institutional power to erode liberal norms from within.

This chapter investigates the connective tissue of those transatlantic illiberal networks. It argues that the far right's rise no longer unfolds through isolated national movements but through mutually reinforcing exchanges between American and European actors. These networks trade narratives about 'sovereignty', 'tradition', and 'civilizational threat', and share tactical repertoires – legal activism, institutional capture and digital disinformation – that hollow out democratic checks while preserving a facade of procedural legitimacy in the name of a Western *vox populi* (Mudde 2004).

The chapter situates this development within the broader trajectory of transatlantic relations. It contends that the liberal consensus has weakened since 2016, replaced by a new normative alignment organized around nationalism and identity. Far-right cooperation no longer merely contests the postwar order; it offers a rival model of democracy based on majoritarian rule, cultural homogeneity and suspicion of technocratic authority. The chapter concludes with concrete policy recommendations to counter these dynamics and rebuild a transatlantic foundation grounded in democratic resilience rather than complacent liberalism.

At a scholarly level, this analysis contributes to an emerging field that examines the internationalization of authoritarian populism – a phenomenon analysed by scholars (Mudde 2020; Müller 2016; and Zürn 2019). The diffusion of illiberal tactics across borders suggests that backsliding no longer unfolds as a domestic pathology but as a transnational process. As authoritarian populists coordinate their respective narratives, liberal democracies face a globalized form of contestation that transcends national institutions and elections. This chapter joins that debate by mapping how transatlantic linkages – once engines of the liberal order – now facilitate its undoing.

The liberal consensus and its erosion

The transatlantic liberal consensus crystallized after World War II and reached its institutional maturity in the 1990s. NATO's security guarantees, the European Union's expansion, and the Helsinki process all reinforced a shared commitment to democracy, free markets and multilateral governance. Washington and Brussels viewed their partnership as the normative core of a rules-based international order. Transatlantic summits revolved around values as much as interests: open societies, free elections, and universal rights served as the moral language of Western cooperation (Ikenberry 2011).

During the post–Cold War moment, this consensus evolved into a doctrine of liberal triumphalism (Fukuyama 1992). The fall of the Soviet Union convinced policymakers that democracy and markets would inevitably spread outwards. The United States expanded democracy promotion programs through USAID and the National Endowment for Democracy, while the EU embedded democratic conditionality in its enlargement policy. 'Transition assistance' and civil society funding became instruments of global liberalization. Yet this expansion bred complacency. Liberal universalism hardened into orthodoxy, and many citizens began to see democracy promotion not as solidarity but as ideological export (Chandler 2006). From the Western Balkans to South Asia and beyond, resentment toward externally imposed models began to percolate. In Serbia and Bosnia, local elites portrayed Western conditionality as paternalism, exploiting fatigue with endless reform checklists (Ignatieff 2003). In Türkiye, EU accession delays fed nationalist narratives about cultural intrusion. Across parts of Africa and Latin America, US-backed democracy programs came to symbolize Western hypocrisy (Carothers 2004).

Cracks in that consensus appeared in earnest after 9/11. The United States' invasion of Iraq divided the alliance and exposed European doubts about American exceptionalism. By the late 2000s, economic crises and migration pressures fuelled domestic disillusionment with globalization. The 'liberal script', once a source of pride, became a lightning rod for grievances about lost sovereignty and cultural change (Börzel et al. 2024). Across Europe, populist leaders framed Brussels as an unaccountable bureaucracy and the EU's rights agenda as an assault on tradition.

Donald Trump's presidency marked its rupture. His 'America First' foreign policy rejected multilateralism and treated alliances as transactional. Trump's public

praise for authoritarian leaders and his attacks on NATO, the EU and the mainstream media emboldened Europe's far right. Orbán, Le Pen and Salvini hailed him as proof that nationalist populism could capture the world's most powerful democracy. In turn, American conservatives drew inspiration from European 'illiberal democrats', celebrating Hungary, Slovakia, and Poland as models of Christian governance that thoroughly rejected the post-1968 liberal emphasis on secular multiculturalism (Judt 2005; Krastev and Holmes 2019).

The effect was cumulative. By 2020, Trump administration officials such as Secretary of State Mike Pompeo described Hungary as a model of sovereignty, while European populists echoed Trump's increasingly conspiratorial rhetoric about the 'deep state' (Bowman 2019; *Le Monde* 2025). When President Biden took office, he sought to restore traditional transatlantic language, organizing a 'Summit for Democracy'.[1] Yet by then, the intellectual current had shifted. The transatlantic right had institutionalized its own moral vocabulary, positioning nationalism as the authentic heir to Western civilization. By the 2024 election and Trump's triumph at the ballot box, it became clear that Biden – not Trump – had been the aberration.

The postwar ideal of the transatlantic alliance as a moral community gave way to ideological fragmentation. Shared democratic values no longer defined the relationship; instead, competing visions of sovereignty and identity began to dominate. While the Biden administration restored rhetorical commitment to democracy, the structural erosion of shared norms persisted. The far right now operates as a transnational movement that adapts to electoral setbacks and translates domestic victories into global influence.

Mapping the networks: Actors, institutions and mechanisms

The far right's transatlantic infrastructure spans think tanks, media platforms, political parties and increasingly influential advocacy networks. These actors collaborate through conferences, digital ecosystems and funding flows that sustain a common ideological front.

In the United States, institutions such as the Heritage Foundation, the Leadership Institute, and the Alliance Defending Freedom (ADF) serve as anchor

1. For the full statement, please see U.S. State Department (2021–2025).

points. They train conservative activists, produce model legislation, and coordinate messaging on issues from religious liberty to 'gender ideology'. Their international branches, especially ADF International, operate across Europe, supporting legal interventions and advocacy seeking to restrict abortion rights, challenge LGBTQ+ protections, and expand claims of religious freedom. In Italy, for example, ADF International filed legal briefs opposing same-sex marriage legislation, aligning with Catholic organizations to block broader recognition (Savage 2020; See also Alliance Defending Freedom International 2015).

Across Europe, a parallel network mirrors this architecture. Hungary's Danube Institute in Budapest functions as a regional hub linking Central European intellectuals, US conservatives and right-wing British Brexiteers. Funded through government-aligned channels, it hosts American speakers and frames national conservatism as the moral defence of Christian Europe. Regular attendees include Nigel Farage, Santiago Abascal, and US commentators from Fox News and Newsmax, who broadcast the message to sympathetic audiences at home (Applebaum 2020; See also Danube Institute 2025). What began as a network of think tanks and training institutes has now evolved into a stage-managed political spectacle designed to project moral legitimacy and global reach. CPAC Hungary operates as the movement's global showcase. In recent years, it has featured keynote addresses from Donald Trump, Viktor Orbán, and Eduardo Bolsonaro, presenting Budapest as the centre of a global 'anti-woke' awakening (CEU CEFAS 2025).

Russian-linked media outlets, although not formally integrated into the network, often amplify the event's messaging, exploiting its resonance with Kremlin narratives about Western decadence, cultural decay and moral weakness. This convergence is not accidental: both camps share an interest in discrediting liberal democracy and promoting an image of the 'real West' as spiritually conservative and geopolitically sovereign. The porous boundary between these movements illustrates how transatlantic illiberalism increasingly overlaps with a broader ecosystem of authoritarian influence that stretches from Moscow to Budapest and beyond (Applebaum 2024).

Digital coordination then extends this ecosystem online, giving it reach and velocity. Platforms such as Rebel News, Epoch Times and Breitbart Europe circulate narratives that fuse European and American grievances – migration, 'wokeness', and elite betrayal – into a single story of civilization under siege. Influencers move seamlessly across audiences, translating slogans for local contexts while reinforcing

a shared moral panic. This transnational publicity turns regional political experiments into global templates, demonstrating how authoritarian and illiberal actors now learn from, legitimize and amplify one another.

Financial flows and personnel exchanges further institutionalize these ties. US donors such as the Koch network and Christian legal foundations fund European conferences, while European governments sponsor sympathetic American commentators. Researchers tracing nonprofit disclosures have documented patterns of mutual support that blur the line between domestic advocacy and international influence operations (Archer 2020; Datta 2021; Laruelle 2022). Together, these linkages sustain what might be called an illiberal epistemic community – a transatlantic network that produces knowledge, training and legitimacy for antiliberal politics.

Ideological and rhetorical alignment

Although Europe's far right remains nationally diverse, its leaders increasingly speak a common language. That lexicon centres on three core narratives: *sovereignty, tradition*, and *civilizational threat*.

The rhetoric of sovereignty casts technocratic governance as a usurpation of the popular will. American conservatives frame Washington bureaucrats, the 'deep state', and the federal judiciary as rogue agents. European populists substitute Brussels and Strasbourg for the same role. The parallel is no coincidence; strategists exchange slogans and framing devices through joint forums. The idea of 'taking back control', born in Britain's Brexit campaign, migrated into American Republican discourse, while 'America First' became a template for nationalist rebranding in Europe.

The appeal to tradition provides moral ballast. Movements describe themselves as guardians of Christian civilization, opposing secular pluralism and feminism as existential threats. 'Gender ideology', once a fringe Vatican term, has become a unifying transatlantic rallying cry (Ayoub and Stoeckl 2024; Cupać and Ebetürk 2020; Korolczuk and Graff 2022). From Florida's 'Don't Say Gay' laws to Hungary's 'child protection' amendment, conservatives share the same rhetorical script. They depict liberal tolerance not as virtue but as decay – a sign of civilizational weakness that invites chaos and migration. Conservative Catholic institutions in Spain and Poland now distribute translated versions of US legal briefs and training materials

from ADF, illustrating how moral discourse travels with ease (Corporate Europe Observatory 2024).

Finally, the notion of a civilizational threat binds the narrative together. Far-right discourse positions the West in a cultural war against both internal subversion and external invasion. Migrants, Muslims, and 'globalists' occupy interchangeable roles in this story. Leaders like Giorgia Meloni, Marine Le Pen, and Donald Trump portray themselves as defenders of an embattled civilization that must reclaim its purity through moral renewal. The effect is to redefine democracy not as pluralism but as cultural self-assertion.

This ideological alignment does not erase local differences; it creates a shared emotional grammar. Phrases such as 'real people', 'common sense', and 'nation first' resonate on both sides of the Atlantic (Moffitt 2016; Wodak 2021). Conferences like National Conservatism (NatCon) codify this worldview, offering a theological and historical narrative that connects Jerusalem, Rome, and Washington in one 'civilizational' arc.

These narratives increasingly infiltrate mainstream conservative parties. The United States' Republican Party has absorbed much of Trump's illiberal vocabulary, framing political opposition as betrayal and portraying federal institutions as corrupt elites. In Europe, centre-right parties from Spain's Partido Popular to Germany's Christian Democrats (CDU) have echoed sovereigntist language to win back voters (Mudde 2019a; Mudde 2019b). This normalization effect blurs distinctions between democratic conservatives and authoritarian populists, allowing illiberal rhetoric to migrate from the margins into governing discourse.

Strategic diffusion and legal hardball

The collaboration between US and European conservatives extends beyond rhetoric to institutional tactics. What unites these actors is their ability to learn from each other's experiments in bending democratic rules while maintaining formal legality.

American conservatives pioneered the technique of judicial capture through a process of constitutional hardball, using the letter of the law to violate its intent. The Federalist Society's vetting of Supreme Court nominees provided a model of long-term institutional strategy. European populists adapted that logic to parliamentary systems. In Poland, the Law and Justice Party restructured the

judiciary through legislative manoeuvring and disciplinary chambers that undermined judicial independence while preserving constitutional form. Hungarian authorities replicated the approach by packing the Constitutional Court and taking over judicial administration (Benson 2025). Lawyers in Poland connected to the Ordo Iuris Institute for Legal Culture – a conservative–religious legal organization – openly cite American legal precedents in their briefs, translating US culture-war litigation into European constitutional idioms (Coakley 2021).

Conversely, European examples now inspire American actors. Hungary's media consolidation – centralizing ownership under pro-government foundations – has attracted the attention of US right-wing strategists who call for a patriotic media ecosystem. Hungary's regulation of foreign-funded NGOs and universities informed US debates about restricting 'foreign influence' and targeting liberal foundations. The flow of ideas thus moves in both directions: elite learning across borders produces a repertoire of 'legal hardball' tactics that exploit institutional loopholes to entrench power (Barry 2025; Benson et al. 2025).

Conferences serve as accelerators for this diffusion. CPAC Hungary and the Danube Institute's seminars invite US jurists and politicians to exchange strategies with European counterparts. The presence of figures such as Tucker Carlson, Mike Pence and members of the Heritage Foundation lends these events a sense of legitimacy and global reach. Speeches often emphasize that the 'fight for Western civilization' requires coordination, not isolation. The audience learns that illiberal reform is not parochial but visionary – a model for reclaiming democracy from cosmopolitan elites.

Digital mobilization reinforces these lessons. Online influencers and media outlets document each success story, turning national policies into templates. When Poland's constitutional tribunal restricted abortion rights, American platforms celebrated it as proof that cultural pushback was possible. When Florida curtailed diversity programs in universities, Hungarian state media showcased it as evidence of global ideological realignment. Each side validates the other, creating a feedback loop of right-wing legitimacy (Dougherty 2021; Knefel 2023).[2]

2. For wider discussion of the issue, see Híradó (2024).

Implications for the transatlantic democratic order

The rise of transatlantic illiberal networks reshapes the meaning of the West itself. For most of the postwar period, Western identity signified liberalism – rule of law, minority protection and multilateral cooperation. Today, those concepts coexist with their opposites. Leaders who undermine judicial independence or vilify minorities still claim to defend Western civilization. This rhetorical inversion erodes the clarity of the transatlantic project.

The consequences for policy cooperation are profound. Divergent value systems weaken the alliance's ability to respond to authoritarian threats (Benson 2023a; Benson 2023b). When Washington or Brussels condemns democratic backsliding, illiberal governments frame the criticism as ideological imperialism. Shared values once enabled coordinated responses to global challenges; now they produce internal dispute. This fracture carries direct geopolitical costs. The Kremlin exploits these divisions to erode Western unity on sanctions, aid and military assistance to Ukraine. Russian propaganda outlets actively echo the rhetoric of Western populists, portraying the war as a clash between traditional sovereignty and decadent liberalism. In turn, segments of the European and American right adopt that framing to justify fatigue with Ukraine's defence or scepticism toward NATO. The result is a feedback loop in which Moscow's narratives and transatlantic illiberal discourse reinforce one another, blurring the line between domestic dissent and foreign influence.

The result is a transnational ecosystem of distrust that corrodes confidence in electoral integrity, journalism and scientific expertise. In the United States, European talking points about 'cultural Marxism' and 'globalists' circulate daily on cable news and social media, reframed through American populist idioms. In Europe, US-style conspiracy theories – from QAnon to vaccine disinformation – find new life in far-right Telegram channels and street protests (Schulze 2022). Each side validates the other, portraying democratic institutions as captured by unseen powers. This cross-pollination normalizes cynicism and fuels the perception that politics itself is rigged. The contagion spreads not through formal alliances but through shared emotional affect – anger, humiliation and nostalgia – creating a digital transatlantic common of resentment. As this sentiment seeps into mainstream debate, it weakens the civic trust that underpins democratic governance and ultimately, transatlantic solidarity.

At a structural level, the erosion of shared norms transforms the transatlantic relationship from a moral alliance into a transactional partnership. Security and trade cooperation continue, but the normative glue has dissolved. Instead of universal values, the relationship revolves around selective interests.

The question is no longer whether shared values are weakening – they clearly are – but whether democratic actors can forge a new consensus around defending institutional pluralism itself. The challenge lies not in restoring the Cold War's moral clarity but in constructing a forward-looking democratic solidarity that acknowledges ideological diversity while safeguarding liberal principles.

Policy takeaways and recommendations

Countering transnational illiberalism demands a transnational democratic strategy. Policymakers must recognize that far-right cooperation operates across borders; national responses alone cannot contain it. The following recommendations outline potential interventions. They are necessarily aspirational, given current political realities and would require – at a minimum – a new administration in Washington willing to prioritize democracy promotion and transatlantic coordination.

1. Increase transparency and accountability.
Governments and the EU should strengthen disclosure requirements for political foundations, advocacy organizations and media outlets that receive cross-border funding. Transparency does not suppress free speech; it clarifies the origins of influence. The United States and the EU could establish a joint registry for political nonprofits engaged in transatlantic advocacy.

2. Build democratic resilience networks.
Civil society cooperation should mirror that of the far right. Universities, local governments and NGOs need transatlantic partnerships that share best practices in civic education, digital literacy and counter disinformation. Programs like the U.S.–EU Democracy Dialogue, now dormant, could expand into a permanent platform for democratic innovation.

3. Coordinate digital governance.
The EU's Digital Services Act offers a model for regulating online platforms that amplify extremist content. US policymakers could align transparency standards and

algorithmic accountability with European frameworks. Joint initiatives between the Federal Trade Commission and European regulators would prevent regulatory arbitrage.

4. Reinvest in public diplomacy and narrative competition.
Illiberal actors win not only through policy but through storytelling. Democratic governments must promote narratives of inclusion and dignity that resonate emotionally. Cultural diplomacy, youth exchanges, and support for independent media should form part of a long-term strategy to restore trust in democratic ideals.

5. Engage the democratic periphery.
Cities, universities and civil society networks can act as laboratories for democratic renewal. Transatlantic cooperation at the subnational level – mayor-to-mayor partnerships, university consortia – builds social capital that resists illiberal capture. Democracy flourishes through participation; it decays through isolation.

Conclusion

The transatlantic relationship stands at a crossroads. The liberal order that once unified Washington and Brussels no longer commands universal allegiance, even within the West. Illiberal networks have learned to cooperate across borders, translating national grievances into a shared civilizational narrative. Their success lies in coordination: they exchange ideas, tactics and legitimacy faster than liberal institutions adapt.

This chapter has traced how far-right actors transformed the transatlantic space from a community of shared values into a contested ideological arena. It showed how think tanks, conferences, and digital platforms weave an alternative network of power that undermines democratic norms while claiming to defend the West. The result is neither the collapse nor the strengthening of shared democratic values but a strategic weakening – a shift from liberal universalism to national conservative pluralism.

Reversing that trend demands proactive engagement. The defence of democracy cannot rest on nostalgia for a bygone consensus; it must evolve into a deliberate partnership that treats democracy itself as a shared security interest. If liberal actors can match the far right's strategic clarity and cross-border coordination, the transatlantic relationship may yet renew its moral purpose.

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CHAPTER 17

Vulnerable Groups, Protections and Precarity

Albena Azmanova*
School of Policy and Global Affairs, City St George's, University of London, United Kingdom

Abstract

This chapter examines how impoverishment, inequality and precarity have become defining features of contemporary societies in Europe and the United States, reshaping domestic politics and altering the foundations of the transatlantic relationship. Poverty persists despite overall affluence, with COVID-19 reversing earlier gains in Europe and entrenched racialized and generational disparities characterizing the United States. Inequality follows divergent patterns: Europe experiences wide variation shaped by austerity and structural barriers facing migrants, while the United States is marked by extreme wealth concentration and systemic racial gaps. Yet inequality alone does not fully explain public discontent. Instead, precarity – politically produced vulnerability across class, gender, age and status – emerges as the central grievance. Expanding temporary and platform work, weakened labour protections and strained welfare systems expose women, youth, migrants and racial minorities to compounding risks. The chapter argues that rising precarity undermines trust in governance and shifts transatlantic cooperation toward transactionalism, requiring renewed social investment and stronger labour and environmental standards.

Keywords: *poverty; precarity; inequality; employment; insecurity; populism*

* Albena.@citystgeorges.ac.uk

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Introduction

Over the past decade, Europe and the United States have faced intensifying social vulnerabilities stemming from economic shocks, political realignments and labour market transformations. Transatlantic EU–US relations are increasingly shaped by internal socioeconomic pressures, especially the precarization of labour and the rise of populist politics responding to widespread physical, economic, social and cultural insecurity. These forces are subtly but significantly reshaping cooperation across trade, security and global governance. The domestic pressures driving change have especially to do with deteriorating employment conditions – marked by low wages, gig work, weakened unions and eroded social protections. This trend is evident in both the United States and the EU, although with different institutional buffers. Economic insecurity – especially post-2008 and post-COVID-19 – has fuelled resentment toward globalization, trade liberalization and perceived elite consensus, which have historically underpinned transatlantic cooperation. To this adds cultural and physical insecurity – including migration anxieties, demographic shifts and perceived threats to national identity – which have intensified populist narratives that challenge liberal internationalism. In what follows, we review three interlinked trajectories in domestic developments – poverty, inequality and precarity – to highlight structural patterns, policy responses and emerging fault lines that are likely to affect domestic political attitudes and, consequently, transatlantic relations.

Poverty: Persistent risks and shifting demographics

Europe: The fragmented landscape of poverty amidst wealth

After the 2008 financial crisis, poverty rates in Europe slowly declined. However, COVID-19 disrupted this trajectory, leading to a renewed increase in poverty risk across many EU countries. The 'Europe 2020' strategy aimed to lift 20 million people out of poverty by 2020 – a goal that went unmet, with the COVID-19 pandemic exacerbating vulnerabilities and deepening the scarring effects of poverty across the continent (Mussida and Sciulli 2022). The pandemic increased the risk of poverty, particularly for already vulnerable groups and widened disparities between countries due to differences in policy responses. Southern European countries (e.g., Italy, Spain, Greece) experienced sharper increases in poverty risk due to weaker welfare systems and higher reliance on tourism and service sectors.

Northern and Western European countries, with stronger social safety nets, were better able to cushion the impact.

In 2024, 21% of the EU population – approximately 93.3 million people – were at risk of poverty or social exclusion, according to Eurostat's AROPE indicator, which combines income poverty, severe material deprivation, and low work intensity (Eurostat 2025a). Rates remain highest in Bulgaria (30.3%), Romania (27.9%), and Greece (26.9%). Notably, in-work poverty is rising: 10.9% of employed individuals are still at risk of poverty.

Gender disparities persist: overall, women face a higher risk of poverty (21.9%) than men (20.0%), largely due to wage gaps and disproportionate caregiving responsibilities.

The United States: Structural poverty and policy gaps

According to the OECD, the United States has one of the highest relative poverty rates among member countries, with income inequality and poverty deeply entrenched (OECD 2024). The bottom quintile earns less than 3% of national income, while the top quintile earns over 50%.

Racialized poverty remains a defining feature: Black, Hispanic and Indigenous populations face disproportionately high poverty rates, compounded by housing segregation and educational disparities. Child poverty is particularly acute, with 16.1% of children living below the federal poverty line in 2023 (Guzman and Kollar 2023). Elder poverty is rising due to healthcare costs and insufficient retirement savings (Scott 2024)

Despite solid economic growth, real income gains have been uneven, and intergenerational mobility remains low (Kochhar and Sechopoulos 2023; Kochhar 2024). Impoverishment – both absolute deprivation (inability to meet basic needs) and relative poverty (living below a certain percentage of median income in a given society) – has been on the rise in Europe and the United States. This rising poverty has fuelled grievances about affordability, as households struggle to cover essential costs such as housing, food, utilities and debt repayments. Affordability grievances have been prominent in anti-establishment mobilizations, which have placed cost-of-living issues at the centre of national elections. In Europe, this has led to challenging EU integration, migration policy and austerity legacies – which are perceived as causes of impoverishment. In the United States, public anxiety over

purchasing power and declining real incomes have driven support for populist candidates who frame globalization and liberal elites as threats to national sovereignty and working-class dignity.

Inequality: Structural divides and policy responses

Europe: Between convergence and divergence

Income inequality in Europe varies widely. The Gini coefficient ranges from 23.8 in the Slovak Republic to 39.5 in Bulgaria (World Bank Group 2023). Post-2008 austerity widened inequality in Southern and Eastern Europe, with long-term effects on youth and low-income workers (Oxfam 2013).

The protective role of higher education has diminished, while employment stability and childcare provision have become more important in mitigating poverty and inequality (Mussida and Sciulli 2022). Migrant populations often face structural barriers to income parity, with limited access to housing, education, and labour protections (ETUC 2024).

The United States: Polarization and policy stagnation

The United States has seen a dramatic rise in income and wealth inequality. Households in the top 10% of the wealth distribution own 79% in the United States (OECD 2024, 86). Tax expenditures disproportionately benefit high earners, exacerbating inequality and reducing fiscal space for redistribution. Coastal urban centres show high income levels but also high living costs, while rural and post-industrial regions face stagnation. Racial disparities in educational attainment, access to capital, and exposure to environmental hazards deepen inequality (Beard et al. 2024). While impoverishment in absolute terms (i.e., reduced purchasing power) has often been expressed in social discontent, inequality (relative impoverishment) has not been reliably traced to social discontent, even as it has been at the centre of academic research and public debate.

Precarity: Labour market insecurity and social dislocation

Precarity – politically produced vulnerability caused by social threats to lives, livelihoods, and lifeworlds (2020; 2023) – has recently been identified as a critical condition afflicting contemporary democracies, cutting across class, gender, age, educational attainment, professional attainment and even income levels.

Europe: The rise of precarious work

Precarity has intensified through non-standard employment. Eurostat data show that young workers aged 30 or younger are disproportionately represented in temporary and low-paid jobs (Eurostat 2025b). Women are more likely to be in part-time or informal work, often linked to caregiving responsibilities.

Sectors such as hospitality, retail and care show high levels of precarity, with limited union coverage and weak protections. Platform work has expanded, but regulatory frameworks lag behind. The European Trade Union Confederation (ETUC) has called for the full implementation of the EU's directive on platform work and for universal social protections (ETUC 2023).

The pandemic disproportionately affected workers in precarious employment, temporary contracts, and low-income service sectors. This disproportionate impact has reinforced the link between insecure labour markets and the persistence of poverty (Mussida and Sciulli 2022).

The United States: Fragmentation and Flexibilization

The US labour market is characterized by high flexibility but low security. Gig economy workers often lack health insurance, paid leave, or retirement benefits (Human Rights Watch 2025). Union membership has fallen to historic lows, around 10% (BLS 2023). Frequent job changes, layoffs and contract work contribute to income volatility and psychological stress. Employer-based health insurance ties security to employment, making job loss a significant risk factor for medical debt and coverage gaps. Policy debates over universal basic income, portable benefits and labour classification have gained traction but remain politically contentious.

COVID-19 intensified poverty in Europe and the United States by exposing the precariousness of households and labour markets, undoing part of the progress made since the Great Recession. It significantly worsened mental health globally, with sharp rises in anxiety, depression, and stress (WHO 2022), while lockdowns and social isolation also triggered a surge in gender-based violence, often described as a 'shadow pandemic' (UN Women 2020).

Overall, even as societies on the two sides of the Atlantic have returned to economic growth, economic and social precarization has persisted. Labour market insecurity and cost-of-living concerns are diminishing public trust in existing

systems of governance and driving an upsurge in anti-establishment, populist mobilizations.

Vulnerable groups: Intersectional risks and policy blind Spots

Across both regions, certain groups face compounded vulnerabilities, resulting from impoverishment and precarization:

- ***Women:*** Gender pay gaps, caregiving burdens, and exposure to part-time work increase risks (UN Women 2023).
- ***Migrants and refugees:*** Legal status, language barriers, and discrimination limit access to services and stable employment (ETUC 2023)
- ***Youth:*** Entry-level job insecurity, student debt and housing unaffordability create long-term precarity.
- ***The elderly:*** Fixed incomes, rising healthcare costs, and social isolation contribute to poverty (Tornton and Bowers 2024).
- ***Racial and ethnic minorities:*** Structural racism, residential segregation, and unequal access to education and healthcare deepen inequality (Bailey et al. 2017; Mirza and Warwick 2024; Clark et al. 2022; Yearby et al. 2022; Kisa and Kisa 2025)

Thus, while precarity is becoming the overarching grievance in Western democracies, it is strongly stratified and is most acutely felt among the poor and socially marginalized. However, as economic and social insecurity are becoming ubiquitous across income levels and educational attainment, precarity is increasingly being identified as the key factor driving social discontent and fuelling anti-establishment, populist mobilizations (2004, 2020, 2023; Apostolidis 2020; Zhirnov et al 2024; Scheiring et al 2024; Rodríguez-Pose 2020).

Protections: Welfare states, labour rights and emerging models

Europe: Welfare retrenchment and innovation

European welfare states offer a range of protections, but austerity and demographic pressures have strained their capacity. Some of the key developments include:

- ***Minimum income schemes:*** These vary widely across countries, with some offering robust support (e.g., France's Revenu de solidarité active (RSA)) and others providing minimal assistance.
- ***Universal healthcare:*** This remains a cornerstone of European social protection, although access and quality vary.
- ***Labour market policies:*** Active labour market programs (ALMPs), vocational training and unemployment insurance help mitigate precarity.
- ***EU-level initiatives:*** The European Pillar of Social Rights and the Recovery and Resilience Facility aim to strengthen social cohesion post-COVID-19.

However, gaps remain in coverage, adequacy and enforcement, especially for non-standard workers and migrants.

The United States: Fragmented safety nets and policy innovation

The United States lacks a comprehensive welfare state, relying instead on a patchwork of federal, state and local programs. Key features include:

- ***Means-tested programs:*** SNAP (food stamps), Medicaid, and TANF (Temporary Assistance for Needy Families) provide targeted support but face eligibility barriers and stigma.
- ***Tax-based transfers:*** The Earned Income Tax Credit (EITC) and Child Tax Credit offer income support, although coverage is uneven.
- ***Healthcare reforms:*** The Affordable Care Act expanded coverage but left millions uninsured or underinsured.
- ***Local innovations:*** Cities like New York and San Francisco have piloted guaranteed-income schemes, tenant protections and worker cooperatives.

Despite these efforts, systemic gaps persist and political polarization hampers federal reform.

The COVID-19 pandemic highlighted that poverty is not only cyclical but also deeply tied to structural vulnerabilities in employment and welfare systems. It revealed how poverty dynamics are shaped not only by economic shocks but also by institutional resilience. Emergency measures (short-time work schemes, income support, moratoria on evictions) mitigated some effects, but structural weaknesses in welfare systems left many households exposed. Recent policy shifts in the EU that have placed a higher priority on competitiveness and defence spending risk weakening social investment and deepening employment insecurity.

Comparative reflections and policy implications

Since the turn of the century, the combined effects of labour market liberalization, automation and the radical opening of national economies have generated widespread employment insecurity and wage depression, fuelling fears of real, perceived and anticipated losses of livelihood. More broadly, political attitudes have been shaped by anxieties linked to physical insecurity, political disorder, cultural estrangement and economic precarity driven by flexible labour markets, outsourcing and competition with immigrant workers. Together, these four sources of anxiety constitute the core of a new antiprecarity public agenda centred on demands for order and security. This agenda of public concerns cuts across the left–right divide and tends to replace the left–right vectors of electoral competition with a new risk–opportunity divide shaped by the social impact of the new economy of open borders and information technologies (2020, 68–69, 140; See also 2004, 2011).

Although these developments are tangible in both the United States and Europe, the transatlantic comparison reveals that Europe's welfare states offer more robust protections but face demographic and fiscal pressures. The United States exhibits higher inequality and precarity, with fragmented safety nets and racialized vulnerabilities. Both regions struggle to adapt protections to non-standard work and intersectional risks. Policy innovation is emerging at subnational levels, but national coherence is lacking.

Social exasperation resulting from ubiquitous precarity is fuelling both economic and cultural xenophobia and undermining solidarities within countries and between the EU and the United States. This is expressed in adversarial foreign economic policy and in the undermining of the traditional EU–US political and economic partnership. Populist movements in Europe (e.g. the AfD in Germany, the Rassemblement national in France) and the United States (especially under Donald Trump) often frame transatlantic institutions as out of touch with 'ordinary people'. These actors tend to be sceptical of multilateralism, critical of NATO and hostile to EU regulatory frameworks, which complicates traditional alliance structures.

Populist governments or pressures can lead to policy volatility, weakening long-term commitments to shared goals such as climate action, digital regulation and democratic norms. Indeed, trade tensions have resurfaced, especially around subsidies, digital taxation and industrial policy. The EU's Green Deal and the United States's Inflation Reduction Act have created friction over protectionism

and competitiveness. While security cooperation remains strong on Ukraine and NATO, it diverges on China, Middle East policy and defence spending expectations.

Fundamentally, institutional trust is eroding. The EU increasingly hedges against US unpredictability by deepening internal defence and tech strategies, while the United States questions European burden-sharing. Under populist demands for short-term stabilization measures, a shift is underway from normative alliance-building to interest-based transactionalism. This shift means cooperation is increasingly contingent on short-term domestic political gains rather than shared values. The EU is recalibrating its strategic autonomy, while the United States – especially under populist leadership – prioritizes sovereignty and unilateralism.

Countering precarization as the root driver of reactionary populism would require a systematic effort for building a 'political economy of trust' (2020) that provides economic and social stability along two trajectories: domestic and global. In terms of domestic policies, this means replacing the current focus on competitiveness in the global economy (which is prompting governments to cut job security and social investment) with an industrial policy that generates good jobs, as well as increased investment in the commons (public services and social insurance). In terms of global market integration, the logic of pursuing competitiveness, which is prompting governments to weaken labour and environmental standards, should be replaced by a more rigorous implementation of labour and environmental standards of production, trade and consumption.

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Conclusion: How Should the EU Deal with Changing Transatlantic Relations?

Marianne Riddervold[1], Guri Rosén[2] and Jessica R. Greenberg[3]

The transatlantic relationship has always shifted between cooperation and crisis, with tensions rooted in how United States (US) leadership is exercised, the evolution of European integration, and recurring disputes over institutions and burden-sharing. Those strains have usually been contained by shared threat perceptions and a baseline commitment to liberal democracy (Tocci and Alcaro 2012; Smith, this volume).

Under a populist right-wing policy under 'Trump 2.0', the authors in this volume depict a sharper, more systematic challenge to transatlantic relations across all four pillars of the transatlantic relationship. In terms of security, strategic interests, and threat perceptions no longer align, and the United States is a less reliable ally. Trump's 'America First' agenda combines a broader rollback of international cooperation (including cuts and withdrawals affecting major bodies and funding streams) with punitive trade tools and more coercive alliance diplomacy, all weakening the relationship. In trade, changing policies under Trump is visible, not least in the use of comprehensive tariffs as well as an increasingly more antagonistic approach to the World Trade Organization (WTO). On the international arena, beyond targeting specific organizations, the shift is one of both practice and principle: international law becomes more openly instrumental, diplomacy more performative and multilateral institutions more readily treated as dispensable. As argued by Smith (this volume), for the European Union (EU), this is not only a difficult partner relationship but an assault on the institutional environment from which the Union derives legitimacy and leverage, while also

1. mariarid@arena.uio.no
2. guri.rosen@stv.uio.no
3. jrgreenb@illinois.edu

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accelerating a global 'flux' in multilateralism as other powers fill spaces left by US retrenchment. And not least, the value basis of the relationship is facing severe challenges, with right-wing populist forces challenging many of the core values on which the EU and the transatlantic relationship have been built.

All chapters in the report conclude that the transatlantic relationship has reached a turning point and is undergoing a significant shift. It is a clear possibility that transatlantic relations might weaken even further now, following a near decade of increased uncertainty. At the same time, several authors also emphasize the many adjustments made to accommodate the challenges to the EU–US relationship. One example is the framework agreement on trade (see Young, this volume). Another is defence and security, where increased European defence spending, the changing role of the EU, and the use of informal networks to bypass collaborative deadlocks indicate functional adaptation to the current impasse (Sus, this volume). 'Muddling through' implies that cooperation is issue-contingent. Arrangements are made based on the specific interests of either side rather than a shared ideological platform (Alcaro, this volume). While the relationship clearly is weaker than in previous decades, these various instances of 'muddling through' could lead to a redefined and different relationship in areas where interests align. Despite the deterioration of collaboration in international organizations, many of the existing networks of transatlantic relations, both public and private, remain strong and likely to withstand the strain, at least in the short to medium term (Smith, this volume). This form of 'muddling through' within a different and less strong relationship is identified as a plausible and likely future path for transatlantic relations, distinguishing it from full renewal or outright rupture.

While this is undoubtedly challenging, the European Union is in a strong position to build on and continue to lead in the areas that made the transatlantic relationship successful for so long, if the political will is there. These include active trade policies and more integrated economic and financial policies, a stronger and more independent European defence, robust commitments to core values, and sustained investment in international cooperation, institutions and coordination mechanisms. Across the chapters, the authors offer recommendations that aim to strengthen the alliance where possible, manage the pressures created by rising isolationism, trade conflict, and the current US political climate, and respond to the causes and effects of populist movements. They also emphasize the need for EU unity, a strengthening of European security and defence through investment in key strategic sectors, reaffirmed commitments to democracy, pluralism, and the rule of

law, and a reinforcement of European leadership on global challenges. A further priority is to promote effective multilateralism through new strategic partnerships while also strengthening existing international institutions.

This chapter sums up the report's main recommendations across the four pillars of the transatlantic relationship – security, trade, international institutions and values. At the end, we also provide a table that summarizes the recommendations of each chapter. Overall, the report argues that a broad coalition of actors is needed to address both the causes and the symptoms of strain in the transatlantic relationship and the impact of populism. Such broad action must include coordination among diplomatic services and international institutions, as well as engagement from citizen groups, civil society and rights advocates, state agencies, legal professionals and judges, teachers, social and health care workers, media literacy experts, academics and EU policymakers and elected officials. Both the EU's executive institutions and the European Parliament (EP) have important roles to play, not only to create efficient but also legitimate solutions to common challenges. The report also notes that while there are clear areas for action in the state, civil society and the economy, many challenges cut across sectors and require combined approaches. For example, industrial policy can be linked with economic development programmes, environmental regulation and research and development that support new security strategies.

So, what should the EU do in response?

While all the chapters have discussed the changes in transatlantic relations across different policy domains and the direction in which the relationship is moving, they also provide policy advice to the EU on how to respond to these changes. Overall, all the chapters argue for a coordinated and coherent EU response. Several argue that the EU should develop a more unified and firm political line towards Washington, moving away from appeasement and signalling that EU support cannot be taken for granted when US policies damage European security, trade or technology interests. While this is challenging when facing a US administration that links trade and other issues to security guarantees and US support for Ukraine, a coherent and strong EU will put the Union in a better position vis-à-vis its traditional partner and, not least, in a better position to adjust its policies in the face of common challenges. EU strategic autonomy should be strengthened further, and the EU must focus on developing its own security policies, although aligning

with the US and cooperating where possible, when interests align.

The EU should also continue to promote international cooperation and trade, in multilateral settings where possible, and with like-minded countries where needed. Several chapters focus on the latter point, highlighting how the EU, in order to reduce its vulnerability, should seek to strengthen its strategic autonomy while deepening bilateral and plurilateral partnerships, both in trade and in other areas of common interests. And not least, the EU should continue to uphold the values that have underpinned the integration project since the beginning. In a changing global and domestic environment, with increased right-wing populism taking place in parallel with war on the European continent, increased geoeconomic and geopolitical conflict and changing transatlantic bond, this will perhaps prove to be the EU's biggest challenge.

Security: Key recommendations for the EU

The contributions on security (Alcaro, Pomorska and Morgenstern-Pomorski, Sus, Wong) all point to the same conclusion: the post-war transatlantic relationship is entering a 'post-American' phase, in which the EU can no longer rely on stable US leadership and must take much greater responsibility for its own security. Transatlantic ties are weakening, even if they are not collapsing, and US politics has become more volatile and less responsive to European concerns. At best, the relationship is muddling through, but due to developments in the EU, we also see a development towards a different, but redefined relationship where the EU takes a stronger role, and the two traditional partners cooperate in areas where interests overlap.

In this context, Europe has begun to improve coordination of resources and defence capabilities – both inside the EU and through flexible coalitions – but progress is uneven and too slow given the scale of the challenge. The EU needs to reduce its dependence on US military enablers, prepare for a possible weaker US commitment to NATO, and use its potential to strengthen member states' military, industrial, energy and technological assets. To do so will require a firmer, more unified stance towards Washington, greater solidarity inside the EU, and a coherent long-term strategy: building a stronger European defence industrial base, providing predictable support and security guarantees for Ukraine, and investing in genuine interoperability and European capabilities. At the same time, the EU must manage relations with China and other partners in a way that reinforces – rather than undermines – its strategic autonomy and its ability to act with the United States when interests align.

Trade: Key recommendations for the EU

The authors in the trade section (E. Jones, K.Jones, Poletti, Young) recommend a strategy where the EU builds its own economic strength and resilience while staying anchored in rules-based trade. The EU should keep prioritizing domestic policy goals, using its market power and regulatory tools to support growth, jobs and security at home. Doing so will form the core of a more competitive strategic autonomy. At the same time, member states need to coordinate enough to avoid pushing the costs of globalization onto one another and to prevent a patchwork of conflicting national measures. The EU should deepen trade and investment ties with partners on all continents, so it is less exposed to pressure from either the United States or China and better positioned as a key player in the multilateral trading system. Strengthening supply chains, technology capacity and the defence-related industrial base are central to this effort. In parallel, the EU should help keep the WTO functioning, work with others to update its rules and use WTO-compatible tools where possible. In the short term, it will often have to muddle through the Trump period with sector-by-sector bargaining, but the long-term goal should be a more autonomous and resilient EU economy that can both defend its interests and uphold an open, rules-based trading order.

International institutions: Key recommendations for the EU

The authors in the Institutions section (Drieskens, Fiorino, Smith, Veggeland) are also clear on their advice: under weaker transatlantic relations and more volatile US policies, the EU should approach international institutions as core instruments of European power and legitimacy, not as stable extensions of US–EU partnership. Doing so will require moving beyond a 'wait and see' posture and protecting the EU's agency when US support is uncertain. The EU should be able to sustain institutional functions if the US withdraws, reduce the risks created by retaliation, and work to keep multilateral forums credible as places for rule-setting rather than coercive bargaining. Because internal division is a key constraint, the EU's influence in the United Nations (UN) system and other bodies depends on stronger member state alignment and more predictable European financial and diplomatic capacity.

More generally, the EU should combine adaptation, selective pushback and long-term institutional strengthening. It should adapt where needed to manage short-

term risk, while avoiding dependency or appeasement. It should resist in targeted, coalition-backed ways when core norms and interests are at stake. Over time, it should prioritize 'reconfiguration' by strengthening international rules, funding models and coalitions with like-minded states so institutions are more resilient to funding shocks, obstruction and shifting power balances. It should also stay the course on long-horizon agendas, especially climate and health and keep building durable EU leadership that is less exposed to temporary US political swings.

Democratic values: Key recommendations for the EU

Authors in the democratic values section (Andersson, , Benson, Holmes, Newman) find that there is a clear crisis in the underlying consensus that has structured strong transatlantic relationships for the past 70+ years. The commitment to democracy, the rule of law, pluralism and minority rights is weakening on both sides of the Atlantic. This commitment arguably reached its height in the immediate post-Cold War period. Yet, a series of global shocks, including 9/11 and its aftermath, the 2008 financial crisis, the 2015–2016 migration crisis, anti-internationalist and anti-EU sentiments and finally the COVID-19 pandemic, have shaken those earlier commitments to the core. These factors have shaped the rise of right-wing, populist, xenophobic politics on both sides of the Atlantic. More recently, the second Trump administration has directly undermined the shared values and commitment to the transatlantic alliance. The relationship has gone from one of strong alliance, to growing scepticism, towards what now can be seen as outright antagonism.

At the same time, parts of the population and political elites across the Atlantic converge in the rejection of core liberal principles. This convergence has produced an overall picture in which liberal institutions are muddling through, at best and are being actively dismantled, sometimes from the inside out, by populist forces. Within this context, the EU is called on to be a leader in reestablishing the core values that helped achieve the peace and prosperity of the long twentieth century. Its strength lies in EU institutions as a site for multilateral coordination and a 'bully pulpit' for the centrality of democratic and rule of law values. The EU must recommit to robust policy and programmatic ways of modelling inclusive approaches to social solidarity and support for precarious and vulnerable populations; returning to models of social integration and human rights guarantees for people on the move; strengthening institutional responses to populist attempts

to destabilize, undermine or co-opt democratic procedures, and rule of law principles. There is also a need to balance the need for investment in European security strategies and economic growth with social cohesion, commitments to environmental stewardship and increased civic and democratic participation.

Policy Recommendations on EU-US Relations

Security

Author	Chapter title	Key policy recommendations
Riccardo Alcaro	Overview and Background: Right-wing Nationalism, Trump and the Future of US-European Relations	• Reduce EU dependence on US defence and prepare for a weaker US commitment to NATO. • Strengthen EU military, energy, technological and industrial capacities. • Avoid fragmented national approaches and rely on pragmatic, issue-by-issue cooperation.
Monika Sus	Functional Adaptation Without Much Love: NATO and the Strains of EU-US Relations	• Increase European defence spending and shared capabilities to manage US unpredictability. • Use strong public support for EU defence to justify deeper cooperation. • Accept uneven progress while gradually reducing reliance on US military assets.
Reuben Wong	EU-US-China Security Relations	• Invest in European defence capabilities and the defence industrial base. • Reinforce coordination through NATO, the Strategic Compass and the Trade and Technology Council. • Pursue a pragmatic China policy while diversifying partnerships to reduce vulnerability.
Jost-Henrik Morgenstern-Pomorski and Karolina Pomorska	The Russia-Ukraine War and Transatlantic Relations	• Expand European production and supply chains for weapons, emergency supplies and reconstruction. • Improve military interoperability and develop genuinely European capabilities. • Provide Ukraine with credible, long-term security guarantees if US support weakens.

Trade

Author	Chapter	Key policy recommendations
Erik Jones	Overview and Background: Transatlantic Trade from Embedded Liberalism to Competitive Strategic Autonomy	• Keep domestic policy goals at the centre of EU economic strategy. • Coordinate national responses to globalization to avoid burden-shifting. • Use EU regulatory and economic power to shape global trade norms while protecting domestic interests.
Arlo Poletti	EU-US-China Trade Relations	• Prepare to impose credible retaliatory trade measures when EU interests are harmed. • Strengthen trade ties with partners across regions. • Make full use of the EU's geoeconomic policy toolkit.
Alasdair R. Young	From Trade Skirmishes to Trade War? Transatlantic Trade Relations during the Second Trump Administration	• Diversify trade and reduce vulnerability to US pressure while supporting the WTO. • Pursue internal reforms to boost competitiveness and defence-related capabilities. • Strengthen supply-chain resilience in strategic sectors.
Kent Jones	Transatlantic Trade, the Trump Disruption and the World Trade Organization	• Expand rules-based trade with non-US partners using the WTO framework. • Muddle through with sector-by-sector bargaining during the Trump period. • Strengthen WTO rules, including through plurilateral agreements.

International institutions

Author	Chapter	Key policy recommendations
Michael Smith	Overview and Background International Institutions, Populism and Transatlantic Relations	• Prepare for further weakening of transatlantic cooperation. • Use resistance, adaptation and reconfiguration to sustain institutions. • Focus on institutional resilience rather than restoring past cooperation.
Edith Drieskens	The United Nations	• Acknowledge that EU-US relations at the UN are unequal. • Increase European capacity to fill gaps left by US retrenchment where possible. • Build stronger consensus among EU member states for coherent UN action.
Daniel Fiorino	The Trump Administration and Climate Policy	• Maintain EU climate leadership despite US obstruction. • Continue Green Deal policies such as ETS expansion, CBAM and climate finance. • Frame climate action as supporting jobs, security and democratic resilience.
Frode Veggeland	Turbulence in the World Health Organization: Implications for EU-US Cooperation in a Changing International Order	• Strengthen EU support for the WHO and global health governance. • Build coalitions of willing partners within and beyond the WHO. • Increase EU strategic autonomy in health while deepening cooperation with like-minded states.

Democratic values

Author	Chapter	Key policy recommendations
Douglas R. Holmes	**Overview and Background Democracy and Populism: The European Case**	• Treat populism as a structural political challenge. • Develop anticipatory tools to identify emerging political pressures. • Reinforce democratic engagement, especially through the European Parliament.
Saul Newman	**Illiberalism and Democracy: The Populist Challenge to Transatlantic Relations**	• Strengthen liberal democratic institutions. • Counter exclusionary populist narratives and protect minority rights. • Improve regulation of digital platforms to limit misinformation.
Ruben Andersson	**The Illiberal Bargain on Migration**	• Protect civil liberties and limit surveillance overreach. • Rework partnerships with migration host states through broader cooperation. • Frame migration as a social and economic issue rather than a security threat.
Robert Benson	**Illiberal International: The Transatlantic Right's Challenge to Democracy**	• Mandate full disclosure of foreign and EU funding for political organizations and media. • Build transatlantic civic-resilience networks linking universities, local governments, and NGOs. • Align US–EU regulation of digital platforms that amplify extremist and disinformation content.
Albena Azmanova	**Vulnerable Groups, Protections and Precarity**	• Address economic precarity as a driver of populism. • Shift industrial policy toward stable jobs and public services. • Govern global markets through labour and environmental standards.

References

Tocci, Nathalie, and Riccardo Alcaro. 2012. "Three Scenarios for the Future of the Transatlantic Relationship." *Transworld Working Paper 4*. Rome: Istituto Affari Internazionali. https://www.iai.it/en/pubblicazioni/three-scenarios-future-transatlantic-relationship

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is an independent, non-partisan, non-profit organization based in Brussels for research on and analysis of challenges posed by increasing political populism. ECPS promotes open society by adhering to the principles of liberal democracy, including the rule of law, human rights, pluralism, freedom of speech, gender equality, social and environmental justice, transparency, and accountability. It facilitates collaboration among networks of academic experts, practitioners, policymakers, media, and other stakeholders. ECPS offers a platform for the exchange of policy solutions on issues relating to rising populism and provides insights for policy-making and critical analysis to raise broader awareness.

Address: 155 Wetstraat / Rue de la Loi 1040
Brussels, Belgium
Email: ecps@populismstudies.org
Phone: +32 24658318
www.populismstudies.org

Twitter: @populismstudies
LinkedIn: https://www.linkedin.com/company/populism-studies/
Facebook: Populism Studies
YouTube: ECPS Brussels

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