

# Still Liberal After All These Years?

## THE EU NEEDS TO COMBINE POLITICS AND PRINCIPLE AT HOME WITH PRAGMATISM ABROAD

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### DRIVERS

- Challenges to liberal values across the EU
- US role in European security
- Trade: fluctuation and direction of global trade

### The world in 2030

The battle for liberalism continues to rage within the EU and around the globe. Doubling down on liberalism internally, while taking a pragmatic approach externally, has made the EU more secure in many ways, but less so in others. Europe remains the world's leading provider and protector of rights and opportunities, but its political future as a liberal force is fragile. Europe's hard security situation is precarious but not perilous: the split with the US and the decline of NATO left the EU lacking military capacity. Its relationship with China has deterred hostile great powers, but whether this truly extends to hard security has yet to be tested. China is, nonetheless, now the EU's closest partner, which has greatly enhanced economic security, especially through the Sino-European Trade Area (SETA) and the productivity and connectivity boost from linking up to the Belt and Road Initiative (BRI). Raising productivity and redistributing prosperity have strengthened societal and individual security. The 'Universal European Income' (UEI) facilitated more equitable and inclusive automation, digitalisation, **and** increased inward migration without undermining social cohesion, which also helped Europe to resist hybrid destabilisation.

### The road to 2030

The contest between liberal and illiberal forces that defined the 2020s impacted Europe's security in several ways, altering the constitution of the EU—in terms of its rules and institutions but also its membership. The 'hardcore' liberal EU that emerged became less compatible politically and economically with the increasingly illiberal US, which in turn found more common ground with Russia. This shift undermined NATO, as the US and Russia co-operated to balance China, carved out compatible

spheres of influence, and cut EU states out of key decision-making on European security issues. The fracturing of the Western alliance, the need to balance against the US-Russia axis, and mutual interest in maintaining trade relations drove the EU and China into each other's arms. This marriage of convenience brought benefits, but also contradictions between economic and political liberalism and between the EU's domestic and foreign policy.

Within Europe, the now infamous 'Macron-Orbán deal' of 2021, that paved the way for the renegotiation of the EU treaty base (in 2023), was the key political moment as both progressives and populists saw a chance to advance their agendas. The illiberal forces led by Victor Orbán had sought to repatriate powers and end what they claimed was the EU's undemocratic, legalistic imposition of liberalism on them by reopening the treaties. They had overestimated their support, however, and were outmanoeuvred by Emmanuel Macron and the liberals, who used the opening instead to strengthen compliance mechanisms and enforce liberal governance while marginalising illiberal 'troublemakers'. The deal and renegotiation had the effect of repoliticising liberalism in Europe, affirming that membership of a liberal EU with all its benefits and obligations was a choice—and one that could be reversed should it no longer be seen to be in a country's interest. Under pressure from the new compliance mechanisms, with wounded national pride, and consistently in a minority in the EU, Hungary exited the Union in 2025.

However, it was not followed by others, who calculated that overall they were better off in than out. Poland and Czechia remained in the EU but stalled on joining the Euro and left the Schengen system in 2026—in protest against encouragement for increased inward migration and enforcement of refugee relocation quotas. Italy clung on, precariously, in both Schengen and the Euro, but, consistently governed by populist forces, Rome acted as a ringleader for illiberal forces inside the EU, while still just about toeing the line.

### ***A changed global environment***

The mainstreaming of Trumpism by the Republican Party (while ditching Trump himself after his bribery conviction) was key to the 2024 election of President Kirstjen Nielsen, who found considerable domestic support for her strongly illiberal line on both trade and foreign policy. Increasing US protectionism and escalating trade wars with China and the EU split the West and further undermined NATO, which the US had increasingly claimed was benefitting free-riding Europeans at America's cost. This retreat from multilateralism, embrace of great power politics, and a shared reactionary social outlook led to closer US co-operation with Russia to undercut the wider rule-based order, including the WTO. Russia seized the opportunity to leverage its political influence and compensate for its structurally deficient economy. However, Russia's influence remained limited and it focused on disruption, including by supporting illiberal forces in Europe.

This changing international environment led the EU to adopt a highly pragmatic approach towards China, which itself remained largely authoritarian. However, China somewhat opportunistically positioned itself as an advocate of free trade, especially with the EU. EU-China co-operation developed on joint naval protection along Indo-Pacific trade routes as well as in the ambit of the BRI. The creation of SETA in 2025 had massive economic benefits for both sides. It delivered rapid and sustained growth in prosperity that was amplified in Europe by the maintenance of the EU single market and social model, as well as from upgraded infrastructure from linking to and extending the BRI further into Europe and on into the MENA region. China was keen to protect its market, the EU to safeguard its prosperity, and both parties needed a strong ally in the increasingly multipolar yet decreasingly multilateral world, but their marriage of convenience ran into political difficulties in the late 2020s.

## ***Contradictions and achievements***

Europe's hardcore liberalism at home and pragmatism abroad started to reach the limits of its own contradictions: from regulating tech companies to the way that Chinese migrants (among others) began to demand more than the 'Denizenship' programme (which allowed free entry and exit but offered fewer rights than to citizens) provided. Without an effective multilateral forum and beholden to China economically, the EU lacked the leverage to challenge Beijing's domestic rights abuses, aggressive approach in the South China Sea, and threats to Taiwan in the late 2020s. Attempts to push China towards the creation and enforcement of new international (even liberal) rules were boosted by President Jack Ma's surprise accession to power in 2024 (amid a crisis of state planning), but ultimately failed to deliver.

The internal consolidation of liberal Europe was, by contrast, a significant progressive achievement, facilitating bold social security policies. President Macron's (2022) UEI initiative (the core of his re-election campaign) accelerated but also compensated for changes brought by digitalisation and automation. UEI liberated millions of Europeans from monotonous jobs and catalysed the knowledge economy—making it liberalism in both practice and pocket. The additional exodus of European workers from care and construction jobs boosted demand for migrant labour, which was supplied through the 'triple approach': improved border security, increased legal routes into the EU, and the extensive Denizenship programme. Along with UEI, this undermined support for xenophobic populists. Chinese labour helped to upgrade European infrastructure in order to link it to the BRI. However, as migrant numbers increased, stretching housing stocks and public services, the liberal consensus again began to fray. Populists, playing the nativist card, surged in the 2029 European elections.

## **Implications for European security**

The growing illiberalism of the US and the American-Russian rapprochement resulted in the decline of NATO and deprived Europe of its security umbrella. The troubled transatlantic relationship and the crumbling of the liberal order left the EU short on hard power capabilities as well as global influence. The world of 2030 offers few liberal partners to work with, yet the EU needs partners to protect itself—and the sources of prosperity that underwrite its internal liberalism. This liberalism remained a source of socio-economic security and societal resilience. However, it had to be politically emboldened to mitigate the effects of automation and digitalisation as well as to see off the populist challenge in Europe. The EU's partnership with China showcased the principled pragmatism advocated in the 2016 EU Global Strategy, protecting prosperity and allowing for strengthened liberalism in Europe in a less liberal world.

The following policy recommendations are aimed at preventing the negative aspects and promoting the positive aspects of this scenario.

## **Policy recommendations:**

### **1. Repoliticise liberalism in Europe**

Protecting Europeans' security depends on protecting Europe's liberal identity. Technocratic and legalistic means can no longer defend democracy, the rule of law, and fundamental freedoms from populists. Europe needs a political approach that provides more opportunities for more people, as socio-economic insecurity (along with other factors) feeds illiberal populism and undermines the resilience of our societies. If Europe is to remain a liberal force, the EU must make liberalism mean something politically as well as institutionally. It needs to articulate an inspiring liberal vision and reaffirm membership of

and participation in a liberal EU as a political choice rather than a legal fait accompli. This should be accompanied by stronger and more equitably applied enforcement mechanisms—and a smoother exit process.

## **2. Be pragmatic in effectively pursuing liberalism outside Europe**

The EU should defend the transatlantic link, and its members should contribute more in capabilities as well as cash, but should NATO erode it will need new allies to compensate for its capability gaps and vulnerabilities. Ideally, these allies would be multilateralists, and the EU would have a rules-based format for co-operation with China, but this is not guaranteed. It should leverage (including economically), not lecture, to push its foreign partnerships towards liberal rules, norms, and outcomes. In external policy, some liberalism remains better than none.

## **3. Dare to introduce bold progressive social policies**

UEI would reduce inequalities and, accompanied by digital skills training, would encourage participation in the knowledge and gig economies and slash redundant bureaucracy without increasing precariousness. A Denizenship programme, to encourage legal inward mobility (with limited rights and obligations), could change attitudes to regular migration if combined with improved border management. But long-term planning (of e.g. housing stocks and school places) is needed for increased migrant numbers as well as the changing patterns of work and leisure. ■

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*The opinions expressed in this scenario are entirely those of the author and do not represent the positions of the Dahrendorf Forum or its hosts Hertie School and London School of Economics or its funder Stiftung Mercator.*