

Guest article

The Security of Europe (EU) and *Real Politik* - The Transatlantic Relationship is in Great Danger¹

Daniel Dăianu²

Abstract: *The logic of realpolitik dominates once more the international relations in a world buffeted by multiple challenges and shocks – economic and geopolitical shocks, societal crises, backsliding into authoritarianism, rising protectionism and the erosion of multilateralism in international relations, climate change, the impact of artificial intelligence/AI, etc. The EU can no longer rely unconditionally on its strongest NATO ally (the US), and the new budgetary dilemmas entailed by the need to strengthen its own defence will likely ask for difficult policy trade-offs that could add to social discontent. At its creation, the EU's primary aim was to safeguard peace on the European continent while the US provided a strong security backstop. Over the decades, this aim has been gradually eclipsed by the goal of economic prosperity or of regaining vigour (as in recent years), but lately it has come again to the forefront, as the ghosts of past animosities and ordeals haunt the European continent, with a war of attrition raging at its gates. The highly turbulent and uncertain international context complicates Romania's dire budgetary situation. Fiscal consolidation is a must for Romania's economic security, as it suffers from an acute "twin deficits" syndrome. Europe needs badly a new security architecture, which requires US involvement as well. The EU needs to get a new momentum.*

Keywords: *realpolitik, multipolarity, anocracy, autocracy, EU, US, NATO, trade war, budgetary constraints, Romania.*

Introduction

It feels as though we are at the end of an era. There is consternation among European leaders following the Trump Administration's moves in security and economic matters. The U.S. relationship with Russia is privileged in Washington, and an economic and trade war is underway, with significantly increased tariffs³ applied by the new Administration to Europe, Canada, Mexico, and many other countries. How much longer can Europe (the EU) rely on the "security umbrella" provided by the U.S.? This was once an unthinkable question. As some pundits argue, the old global

¹This text is based on the author's introduction to the report "România - Zona Euro Monitor" (Romania - the euro zone Monitor), No. 18, Bucharest, 2025. Available at: https://www.bnro.ro/uploads/euromonitornr.182025_documentpdf_545_1744371761.pdf

² Daniel Dăianu is President of the Fiscal Council, Member of the Romanian Academy, former finance minister of Romania, and former MEP.

E-mail: daniel.dăianu[at]bnro.ro.

Disclaimer: The author bears sole responsibility for this text, which does not involve any of the institutions he is affiliated with.

³These tariffs remind of the "Smoot-Hawley Tariff Act" (1930), a protectionist legislation during the Great Depression.

economic order is dead, but in a wrong way⁴.

Uncertainty and unpredictability, insecurity, at extreme levels, are felt in the markets, economies, and political life, with the relevance of economic predictions and scenarios being severely diminished. The international environment has not been so disrupted and chaotic for many years, perhaps since the global financial crisis. Now, a growing geopolitical dynamic adds a mounting pressure.

What is perplexing is not Washington's request for Europeans to allocate more funds for defence, but the speed at which adaptation is demanded and the manner in which, across the Atlantic, the relationship with Russia⁵ has been reassessed. The Administration's claims regarding Greenland, a territory that is part of Denmark, a NATO member state, are also befuddling.

Europe (and particularly the EU) faces a series of enormous challenges brought about or accelerated by the new Trump Administration: a geopolitical shock, an economic shock, the weakening of multilateralism in the institutional architecture of the international system, and a confrontation between illiberalism (autocracy) and democracy.

The first section of this article outlines very briefly the overall context. Section two focuses on the return of “realpolitik”. Section three asks whether the EU will experience a “Hamiltonian moment” as a response to the new US Administration policies. Section four considers the resources the EU plans to mobilise in order to bolster its own defence capacity. Section five argues that Romania has to cut drastically its twin deficits so as to reduce its economic fragility. Sections six and seven make some conjectures on what a new world order and the future of European security could look like.

Context

Europeans must significantly increase defence spending to ensure their security — starting from the new U.S. approach regarding a ceasefire in Ukraine and relations with Russia. Additional annual defence spending would amount to several percentage points of GDP for many EU countries, which could strain their public budgets to the utmost in the absence of offsetting measures. Europeans still need military support from the U.S. (a *backstop*), while key EU leaders are revisiting the theme of “strategic autonomy” (with Gaullist undertones⁶). European officials declare that we are heading towards “a new world order”⁷.

The need to ensure military security in Europe must be assessed in an

⁴ Wolf, M., (2025). “The old global economic order is dead”, *Financial Times*, May 6. Available at: <https://www.ft.com/content/49e38ee8-f37e-47da-8ee4-1631175d2224>.

⁵ See also the editorial “America’s New Foreign Policy” (*The Economist*, March 15, 2025), which suggests that US’s new foreign policy under President Trump has created a deep “crisis of trust” among the dozens of countries who have entrusted their security to America after World War II. Moreover, it is worth mentioning that there were signs of a new relationship with Russia even in President Trump’s first term at the White House.

⁶ Against the background of the American hegemony in Western Europe, General Charles de Gaulle, President of France after World War II, was a strong advocate for national interests within NATO.

⁷ See also Ursula von der Leyen declaration in Sorgi, G., Barigazzi, J., and Faggionato, G., (2025), “EU slams the door on US in colossal defense plan”, *Politico*, March 19. Available at: <https://www.politico.eu/article/eu-freeze-us-multi-billion-defense-plan-arm-makers/>.

increasingly complex economic, social, and political context. The financial crisis, fuelled by excesses in the financial industry and negligence on the part of governments and regulatory authorities, has heightened social tensions and fractures, generating dissatisfaction with the “elites” (the establishment), while the cost for public budgets has been staggering. The pandemic that followed led to the expansion of unconventional operations (*Quantitative easing*) by central banks and increased government spending, further burdening public budgets. The energy transition and climate change have also impacted both public and private balance sheets, and Russia’s invasion of Ukraine has amplified these negative effects, exacerbating the cost-of-living crisis (by significantly raising energy costs for Europeans), and intensifying hybrid confrontations. New technologies and social media carry abundant information, but they create confusion and deepen societal divides. Artificial Intelligence (AI) is a dominant force in our times; it opens limitless opportunities but also comes with immense uncertainties. AI favours the concentration of power and can increase economic and social inequalities, as well as disparities between countries. Moreover, it fuels the arms race⁸.

The increasingly tense geopolitical context has made access to resources and rare raw materials a central security policy goal for the most powerful countries. The Trump Administration judges Greenland’s status and the issue of the Panama Canal from this perspective, as well as in terms of geographical proximity, while China has an active economic presence in numerous regions of the world for the same reasons. One can speak, especially in the context of climate change as an existential threat, of a form of economic Darwinism.

The global economy continues to fragment, with clear trends toward the formation of trade blocs and regionalization of supply chains — for security reasons as well. Multilateralism in international relations is weakening. The U.S. is trying to use its currency as an instrument of economic protection and is considering a new “currency accord” that would influence capital and trade movements.

In political life, there is a rise of radicalism, (ultra)conservative currents (as a counter-reaction to the woke movement)⁹, and some democracies are backsliding towards anocracies¹⁰, while the pillars of democracy and its meaning are being questioned. The fact is that many governments in democracies are under-delivering the public goods citizens expect from them and this foments social and political strife. Martin Wolf talks about a crisis of democratic capitalism¹¹ in this regard. The fact that a democracy fundamentally implies institutionalised mechanisms of mutual control – meant to prevent the abusive concentration of power and the arbitrariness in public life – seems to be deliberately underplayed. Some highlight that there are two competing understandings of democracy in nowadays politics: one that sees democracy as a “method” for resolving disputes and using checks and balances; another that sees it as a

⁸See also Kissinger, H., Schmidt, E., and Hüttenlocher, D., (2022). *The Age of AI*, London, John Murray Publishers.

⁹There is talk of a “culture war” between conservatives and progressives, in the Western world.

¹⁰Anocracies are not full autocracies, but neither are they democracies. See Walter, B.F., (2022), *How Civil Wars Start: And How to Stop Them*, London, Viking.

¹¹Wolf, M., (2024). *The Crisis of Democratic Capitalism*, London, Penguin Books. Robert Reich stresses that capitalism has to work for the many, not the few (*Saving Capitalism: For the Many, Not the Few*, New York, Vintage Books, 2016), and Paul Collier pleads for an ethical capitalism in *The Future of Capitalism: Facing the New Anxieties*, London, Allen Lane, 2018.

means of empowering citizens, at the expense of liberal values¹². There is a widespread ideological confrontation between democracy and autocracy (illiberalism)¹³ at national and international level.

China's economic and technological rise over the past few decades has made it the U.S.'s main geopolitical rival in a multipolar world. The U.S. national security doctrine has revealed this fact for years now, in a world that has moved beyond the "unipolar" system, which followed the fall of the Berlin Wall.

Realpolitik at the forefront

A series of major adverse shocks has unfolded under the conditions of an unrestrained globalisation¹⁴, which has resurrected protectionism. Those shocks were accompanied by a weakening of the multilateral framework, and "realpolitik" has emerged as the dominant approach in relations between major powers and between them and other states. Sometimes, there is subtle or even overt talk of "spheres of influence" and the importance of "hard power" in state-to-state relations, while "soft power" seems to be losing its clout.

The "realpolitik" vision across the Atlantic was already discernible in academic circles (e.g., John J. Mearsheimer¹⁵), in strategic think tanks (Samuel Charap at RAND Corporation¹⁶; Heritage Foundation, Quincy Institute for Responsible Statecraft), in foreign policy journals (see, for instance, articles by Richard Haass, Andrew Bacevich, Stephen Wertheim, Graham Allison¹⁷ in *Foreign Affairs*), among politicians (e.g., the current Vice President JD Vance¹⁸), or Elbridge Colby, the second-in-command at the Pentagon responsible for policy¹⁹. Some members of the Trump Administration speak

¹²The Indian scholar Pratap Bhanu Mehta made this distinction in a lecture at the London School of Economics. In his opinion, democracy needs both values and empowerment, but when voters feel thwarted, rather than empowered, they can jettison liberal values in favour of a strong leader. See Rachman, G., (2025). "Trump and the contest between two visions of democracy", *Financial Times*, January 20. Available at: <https://www.ft.com/content/4ba6a193-0619-41e3-a37f-4ef3978e80a9>.

¹³Starting from the overwhelming power of giants in the field of information technology, Yanis Varoufakis talks about "techno-feudalism" (*Techno-feudalism – what killed capitalism*, London, The Bodley Head, 2023). In contrast, Marc Andreessen and Peter Thiel, entrepreneurs who control companies in the information technology sector, are promoters of technological optimism and technological libertarianism. See, also, Andreessen, M., (2023). "The Techno-Optimist Manifesto" (commonly known as "The Andreessen-Horowitz Manifesto"), October 16. Available at: <https://a16z.com/the-techno-optimist-manifesto/>.

¹⁴An "undemocratic liberalism" (according to Yascha Mounk) that facilitated the great financial crisis. Mounk, Y. (2016). "Illiberal Democracy or Undemocratic Liberalism?", *Project Syndicate*, June 9. Available at: <https://www.project-syndicate.org/commentary/trump-european-populism-technocracy-by-yascha-mounk-1-2016-06>.

¹⁵Mearsheimer, J.J., (2018). *The Great Delusion: Liberal Dreams and International Realities*, New Haven, Yale University Press.

¹⁶See also, Charap, S., (2023), "An Unwinnable War. Washington Needs an Endgame in Ukraine", *Foreign Affairs*, July/August. Available at: <https://www.foreignaffairs.com/ukraine/unwinnable-war-washington-endgame>. In the same issue of *Foreign Affairs*, Carter Malkasian advocates for an armistice in Ukraine based on the Korean model. Malkasian, C., (2023). "The Korea Model. Why an Armistice Offers the Best Hope for Peace in Ukraine", *Foreign Affairs*, July/August. Available at: <https://www.foreignaffairs.com/ukraine/korean-war-diplomacy-armistice-nato>.

¹⁷Graham Allison explicitly discusses "spheres of influence" in "The New Spheres of Influence. Sharing the Globe With Other Great Powers", *Foreign Affairs*, March-April 2020. Available at: <https://www.foreignaffairs.com/articles/united-states/2020-02-10/new-spheres-influence>.

¹⁸Vance, J.D., (2024). "The math on Ukraine does not add up", *New York Times*, April 12.

¹⁹Colby, E.A., (2021). *The Strategy of Denial: American Defense in an Age of Great Power Conflict*, New Haven, Yale University Press.

of a *Monroe Doctrine 2.0*, as an expression of neo-isolationism (trade protectionism) and a way of focusing on the geopolitical rivalry with China. This mindset can be linked with the concept of “imperial overstretch” that Paul Kennedy used decades ago to examine the limits of U.S. strategic power²⁰. The controversial US interventions in Iraq and Afghanistan, China’s economic and technological rise²¹, and the shift of economic power towards Asia, have likely contributed to this change in outlook as regards military security.

In this multipolar world, some of the most powerful countries seem to pay less attention to, or even forget, the rules and norms of law that have, more or less, guided international relations since the end of World War II, with multilateral institutions playing a key role in this framework. **It should be emphasised that legal norms in international relations have most benefited smaller states, especially in very difficult times.**

Advocates of “realpolitik” can be found among analysts and policy advisers, alongside a George Kennan or a Hans Morgenthau, names that strongly resonate with this tradition of strategic thought. “Realpolitik” stands in contrast to the neoconservative (*neocon*)²² thinking that has dominated U.S. security policy in recent decades. However, the logic of “balance of power” does not imply that anything is acceptable in international relations, as if in a “jungle”. Kennan and Morgenthau saw international institutions as the foundation of a world order with rules designed to prevent wars.

The 2025 Munich Security Conference brought shocking announcements for Europeans, who have long seen the transatlantic relationship as an immutable asset, which led to the creation of NATO as a collective defence organisation. For years, including U.S. Defence Secretary Robert Gates’ tenure, European partners have been criticised for not spending enough on defence, even though the U.S. has benefited in many ways from its status as a geopolitical and economic hegemon. In his first term, President Trump emphasised this dissatisfaction, which has been lately reinforced. Europeans are asked to allocate significantly more funds for defence, with the target being 5% of GDP. Only Poland currently approaches this figure, while other NATO member states from the EU spend anywhere from over 1% of GDP (Spain, Belgium) to 3-4% of GDP (the Baltic States, Greece).

A partial or full disengagement of the U.S. from Europe (motivated by the global rivalry with China), as announced by the White House, would be a heavy blow for NATO and would put tremendous pressure on EU countries and economies. How and under what conditions a ceasefire or peace in Ukraine will be achieved remains to be seen; there are many unknowns and major dilemmas, including the issue of security guarantees. However, it is clear that the EU needs a superior defence capability

²⁰Kennedy, P., (1987). *The Rise and Fall of the Great Powers*, New York, Vintage Books.

²¹Some, like Kishore Mahbubani, a former UN Security Council President, would argue that China is staging a comeback in the world economy in terms of power and influence, after hundreds of years of slumber. See also his *Has the West Lost It? – A Provocation*, London, Allen Lane, 2018.

²²Francis Fukuyama provides a nuanced analysis of the neoconservative approach in his book *After the Neocons: America at the Crossroads* (2006), New Haven, Yale University Press. Fukuyama himself used to be a proponent of this approach; let us remember his *End of History* (1990).

and a strong cooperation with the U.S., as the latter dominates NATO militarily and technologically; by the way, many military equipment purchases are, after all, made from the U.S.

One crucial aspect to highlight: the post-war American presence in Europe has prevented historical animosities and resentments between European states. A U.S. departure from Europe, be it gradually, could reignite ghosts of the past. The European Union has been primarily a project aimed at peace in Europe, not just at economic reconstruction. A U.S. disengagement, coupled with a Union weakened by major divergences, misunderstandings, and insufficient cohesion, could be a dangerous combustion for the old continent—not less menacing than the threat of possible foreign aggression.

Europe needs security arrangements similar to those of the Helsinki Accords. A new cold war has already begun, and this situation is evident on a global scale, with China as the U.S.'s paramount geopolitical rival. The U.S. must be part of a new security architecture in Europe.

How threatened European countries feel can be inferred from different official statements: e.g., the President of Poland, Andrzej Duda, raised the issue of his country acquiring nuclear weapons; the new German chancellor, Friedrich Merz, wants military independence from the U.S. (a stunning statement, given Germany's post-WWII status and European history); and the French President's willingness to offer a "nuclear umbrella" to other EU countries²³.

The dialogue initiated by President Trump with his Russian counterpart, beyond the declared goal of stopping the war in Ukraine, can also be interpreted as an attempt to undermine BRICS by decoupling Russia from China. Nevertheless, this objective must be weighed against the risk of alienating democratic countries in Europe. In response, Europeans (the EU) might also develop relations with China and India in order to break the impasse and find more breathing space.

There are huge geopolitical stakes that could leave European countries (the EU) in a peripheral position, and with weak defence capabilities. President Trump declared that he would also have discussions with China's President. Such discussions make sense for the achievement of shared goals, like nuclear arms control, pandemics prevention, damage control in trade relations, and the use of AI. Nonetheless, in case the US abandons, de facto, the Europeans and an inevitable "demonstration effect" sparks a new global race for nuclear weapons, where will it lead?

One crucial issue for Europeans to decide is who is the most authorised person or institution to speak on their behalf with the American administration and participate in various negotiations and talks. As Henry Kissinger (another advocate of "realpolitik") used to say many decades ago, it is not yet clear who should be called in Europe in times of crisis? In Paris, on March 27, 2025, it was decided that British Prime Minister Keir Starmer and French President Emmanuel Macron would speak on behalf

²³In recent years, many voices, including political figures, have drawn comparisons with the years leading up to the Second World War. See, also, Wiewiora, O., (2025), "Olivier Wiewiora, historian: 'The current context bears some resemblance to the situation before the Second World War", *Le Monde*, March 5, 2025. Available at: https://www.lemonde.fr/en/opinion/article/2025/03/05/olivier-wiewiora-historian-the-current-context-bears-some-resemblance-to-the-situation-that-prevailed-before-the-second-world-war_6738827_23.html.

of the Europeans on issues of defence. However, both are national leaders and do not directly represent the EU (Keir Starmer could not clearly act as such, as the UK exited the EU in 2016), even though they have received a sort of mandate for the respective negotiations.

The new U.S. security policy could induce more cohesion within the EU, and tighten its relations with other countries, especially with the United Kingdom, and not only in the military domain. The U.S. disengagement from Europe could lead to a “Hamiltonian moment”²⁴ for the EU, by deepening military and economic cooperation and, possibly, bringing about a common *fiscal capacity*.

The economic shock: A “Hamiltonian moment” for the EU?

The across-the-board trade war and erratic measures adopted by the US Administration (huge rises in tariffs, followed by temporary freezes in some instances²⁵, or some de-escalation) amplify uncertainty and unpredictability in markets, and may lead to higher inflation, economic stagnation (*stagflation*)²⁶, or even recession. Central banks could find themselves in the difficult position of raising interest rates again, while economies lose momentum. Time will tell whether increased defence spending (a form of “military Keynesianism”) can offset the factors slowing down economies—given the uncertainty and the risk aversion in the private sector. Moreover, higher defence spending diverts resources away from addressing civil needs, which may exacerbate social and political tensions. Borrowing could be an option, but there are limits to this approach when public budgets are under enormous strain.

Germany’s decision to rescind its debt brake to allow for increased spending on defence and infrastructure may help EU’s economic growth, but how significant its impact will be remains to be seen. The suspension of EU fiscal rules, be it temporary and only for the increase of defence expenditure, threatens to dilute their relevance again.

Could the blow dealt by U.S. measures to Europe lead to a greater EU cohesion in certain areas? It could, especially if Europeans advance along the path towards a joint *fiscal capacity*, if a “European defence community” becomes a reality, and EU markets become more integrated. However, many uncertainties persist, and it is important to note that the EU is not a federal state – and it may never be. Coordination of national policies and common decision-making continue to represent huge challenges in Union²⁷. The idea of Canada joining the EU trade bloc²⁸ says more about the shock

²⁴This analogy alludes to Alexander Hamilton’s proposal regarding the creation of a federal budget and a common treasury for the United States. Hamilton served as Secretary of the U.S. Treasury from 1789 to 1795.

²⁵As in the case of US - China trade relations.

²⁶Stephen Roach, a faculty member at Yale University and former chairman of Morgan Stanley Asia, talks about “Stagflation for the Ages”, *Project Syndicate*, April 24, 2025. Available at: <https://www.project-syndicate.org/commentary/trump-tariffs-attacks-on-fed-could-lead-to-stagflation-global-recession-by-stephen-s-roach-2025-04>.

²⁷230 military experts from nearly 30 countries participated in the “Coalition of the Willing” summit for Ukraine in Paris on March 26, 2025. We realise how difficult it is to coordinate defence capacity-building programmes, when so many countries are involved.

²⁸Mark Carney, the new Prime Minister of Canada (former Governor of the Bank of England and, previously, of the Bank of Canada), stated that the traditional relationship with the United States no longer exists. Saltman, M., (2025). “Old US-Canada relationship is ‘over,’ warns Canadian prime minister”, CNN, March 28. Available at: <https://edition.cnn.com/2025/03/27/americas/canada-trump-tariffs-response-latam-intl>.

created by U.S. tariffs, and the White House's suggestion for Canada to become the 51st U.S. state, than it does about the EU's actual strength and future prospects. The question is, nonetheless, in what scenario could Canada join the EU. However, this seems like a phantasy.

It should be emphasised that simply adding up the EU states' GDPs and their military capacities (tanks, aircraft, military personnel, etc.) is a simplistic exercise that cannot project a joint deterrent force against potential aggressions. More is needed, particularly combined capabilities, joint actions, and deeper integration for this purpose.

The euro could gain more weight in international transactions (where it currently holds around 20%—according to ECB data), if the eurozone becomes more cohesive and a common fiscal capacity is set up. In Helene Rey's view, as the international order is shifting, Europe must act to bolster its financial architecture²⁹. Economic growth in the EU could be stimulated, if the increased defence spending would generate significant multiplier effects³⁰. In this picture, Germany's decision to eliminate its debt brake plays a key role.

The White House's focus on deregulating the financial sector (including crypto assets) poses, arguably, a major risk to financial stability. A new wave of financial deregulation, combined with the lack of AI regulation, could cause serious turmoil in financial markets. The logic of including crypto assets in U.S. reserves is also questionable, as the dollar is the world's primary reserve currency.

There is pressure for deregulation in financial markets in Europe as well, against the backdrop of economic difficulties. However, lessons from the 2008 financial crisis are too easily forgotten³¹.

A trade war could trigger a currency war, with dire implications for financial market functioning and investment dynamics. A similar episode caused an earthquake in the international financial system in 1971, when the Nixon Administration announced the abandonment of the dollar's linkage to gold, thus delivering a fatal blow to the Bretton Woods system³², which had this linkage at its core³³ and was based on adjustable but fixed exchange rates. After the breakdown of the Bretton Woods System, the world shifted to floating exchange rates and capital movements surged very rapidly.

²⁹Rey, H., (2025). "How Europe should respond to the erosion of the dollar's status", *Financial Times*, May 7. Available at: <https://www.ft.com/content/5bc02699-3eda-465b-bd73-f5e8b9573ae8>. See also Eichengreen, B., (2025). "American Exceptionalism Meets Its Maker", *Project Syndicate*, May 13. Available at: <https://www.project-syndicate.org/commentary/trump-damaging-pillars-of-american-economic-dominance-by-barry-eichengreen-2025-05>.

³⁰The Kiel Institute for the World Economy sees a multiplier coefficient of 0.6-1 for defence spending. Thus, expenditures exceeding 800 billion euros (150 billion from the defence fund plus 650 billion euros from national budgets and other sources) could give a significant fiscal boost to the EU economies. However, these figures are approximate, and budgetary constraints are bound to apply. Additionally, the spending will be spread over several years.

³¹Arnold, M., (2025). "EU watchdogs warn that weakening rules risks another financial crash", *Financial Times*, March 23.

³²The multilateral system created to regulate international financial relations after the Second World War.

³³It is worth mentioning that John Maynard Keynes, one of the greatest economists of the last century, had in mind the creation of "bancor" as a "unit of account" to serve as foundation to the international monetary system. Over time, the dollar became vulnerable due to the huge military expenditures of the United States in the 1960s and 1970s, which led to the severing of its relationship with gold as a financial asset.

Stephen Miran, a chief economic adviser to the Trump Administration, talks about a “Mar-a-Lago Accord” (a second Plaza Accord) that would impose tariffs on other countries for the privilege of using the U.S. dollar as a reserve currency. The goal would be to reduce the U.S. trade deficit³⁴. This is framed within the “transactional logic” of *quid pro quo*: for the advantages it offers (including military protection) to partners and allies, the U.S. should be compensated one way or another. It is noteworthy that another tectonic shift in the international financial system came with the “Big Bang” in London in 1986, which deregulated the financial system, followed by the abolition of the Glass-Steagall Act (a key part of President Franklin D. Roosevelt’s New Deal reforms) in the US. This deregulation fostered the financialisation of economies, and encouraged speculative operations, rendering the overall financial system and national economies more fragile³⁵.

The general sentiment within the Trump Administration is that its economic policy must reshore critical industries (e.g., microprocessors) back to the U.S., otherwise the American industrial and technological power will be endangered in a confrontation with China. The need for an assertive industrial policy was also manifest during President Biden’s tenure, (see the Inflation Reduction Act), as articulated by his national security adviser Jake Sullivan³⁶, but nowadays U.S. policy is a mixture of aggressive economic nationalism (protectionism) and neo-isolationism. It is worth mentioning that, decades ago, Clyde Prestowitz advocated for strategic protectionism, considering the economic rise of Japan³⁷, which had flooded the American market with automobiles and electronics³⁸. However, today’s situation involves China, which has economic, technological, and demographic assets that make it a much stronger competitor for the U.S. than Japan was many years ago.

Some analysts try to describe the competition between the U.S. and China in terms of “geoconomics”, by referring to Albert Hirschman’s 1945 book, *National Power and the Structure of Foreign Trade*³⁹, in which protectionism, autarky, and phenomena characteristic of wartime periods are explored. However, such analyses should take into account that today’s world is far more interconnected economically and technologically, even though fragmentation and regionalisation have intensified in the last decade, partly as a result of deep crises and security concerns.

Miran’s policy recommendations – aimed at providing a theoretical economic

³⁴Miran, S., (2024). “A User’s Guide to Restructuring the Global Trading System”, *Hudson Bay Capital*, November. Available at: https://www.hudsonbaycapital.com/documents/FG/hudsonbay/research/638199_A_Users_Guide_to_Restructuring_the_Global_Trading_System.pdf.

³⁵We have addressed this issue in several volumes, including Dăianu, D., *Which Way Goes Capitalism: In Search of Adequate Policies in a Dramatically Changing World* (Central European University Press, 2009); “When high finance perverts markets and corrodes democracy”, *Eurozine*, Vienna, July 27, 2011; “Emerging Europe and the Great Recession” (Cambridge Scholars Publishing, 2018).

³⁶Sullivan, J., (2023). “The Sources of American Power –A Foreign Policy for a Changed World”, *Foreign Affairs*, November-December. Available at: <https://www.foreignaffairs.com/united-states/sources-american-power-biden-jake-sullivan>.

³⁷Prestowitz, C.V., (1990). *Trading Places - How We Are Giving Our Future to Japan and How to Reclaim It*, New York, Basic Books.

³⁸Ezra Vogel, a Harvard professor, coined the term “Japan Inc.” to describe the corporatist structure of the Japanese economic system.

³⁹See Tett, G., (2025). “How to make sense of Trump’s tariffs”, *Financial Times*, April 5.

framework to the “Trump Doctrine”, which sets relations between countries on a new basis – could lead to major disruptions at international level, economic contraction, and inflationary surges, which might have a boomerang effect on the U.S. economy⁴⁰. One of the unintended consequences might be a stronger euro in international relations, especially if the eurozone develops better functioning mechanisms and tools. President Trump emphatically called April 1st, the day when the new tariffs were imposed, as “Liberation Day” for the American economy. The perception in the rest of the world was different and the influential British magazine *The Economist* named it “Ruination Day”⁴¹. Yet, one should recall that this magazine had propounded for decades the virtues of unrestrained globalisation, of unfettered financial markets –which is hardly surprising, since the UK has always been a trading nation and London was and still is a world financial hub (which is a living legacy of its long imperial and colonial past).

In this new economic and geopolitical context, the EU will be forced to mobilise its internal resources, including by reopening mines and revitalising the steel industry. These measures would be part of an updated industrial policy that the Union has been considering for years in order to survive in the global economic and technological competition. Nevertheless, military security concerns play a much more significant role now.

The U.S. has decided its withdrawal from several international organisations, a move in line with its policy of renouncing multilateralism in international relations. Let us imagine what would happen if Washington were to withdraw its support for the IMF and the World Bank, although “realpolitik” would not dictate such a hazardous move, as China would readily step in to fill in more than financial needs, and Europeans would not stay on the sidelines either. In fact, the US Treasury Secretary, Scott Bessent, reaffirmed US support for the IMF and the World Bank at their annual meetings in April, though he also asked for a revamp of these international financial organisations.

Increased defence⁴² resources in the EU

A superior and effective defence capacity requires considerably more resources allocated to the military domain within the EU member states, along with a

⁴⁰See Rajan, R.G., (2025), «L'affirmation selon laquelle l'attractivité du dollar constituerait un fardeau plutôt qu'un privilège exorbitant n'est pas convaincante» (in English: “Is a strong US dollar actually a burden for the Americans?”), *Le Monde*, March 20. Available at: https://www.lemonde.fr/idees/article/2025/03/20/l-affirmation-selon-laquelle-l-attractivite-du-dollar-constituerait-un-fardeau-plutot-qu-un-privilege-exorbitant-n-est-pas-convaincante_6583799_3232.html. Rajan, former governor of the Reserve Bank of India and professor at the Booth Chicago Business School, was also the chief economist of the IMF. See, also, Obstfeld, M., (2025), “Let's stop the trade deficit blame game”, PIIE, March 19. Available at: <https://www.piie.com/blogs/realtime-economics/2025/lets-stop-trade-deficit-blame-game>. Spence, M., (2025). “The Economic Consequences of the Trump Administration's Policies”, *Project Syndicate*, May 14. Available at: <https://www.project-syndicate.org/commentary/short-and-long-term-effects-of-trump-economic-policies-by-michael-spence-2025-05>. Wall Street Journal, Financial Times, The Economist, and other publications have numerous critical analyses of the economic policy of the Trump administration—as these publications favour multilateralism in international economic relations (some would say they promote globalisation). Nonetheless, there are also viewpoints that support the trade policy of the Trump administration. See, for instance, Wallach, L., (2025), “Tariffs aren't necessarily bad. Here's what Trump's critics are getting wrong”, *Project Syndicate*, April 1. Available at: <https://www.marketwatch.com/story/tariffs-arent-necessarily-bad-heres-what-trumps-critics-are-getting-wrong-8c501876>; Michaelson, J., (2025). “The Case for Tariffs”, The Wall Street Journal, March 30. Available at: <https://www.wsj.com/opinion/the-case-for-tariffs-trade-deficit-business-investment-deindustrialization-40b8f867>.

⁴¹On its front cover, “Ruination Day: How to limit global damage”, *The Economist*, April 5, 2025.

⁴²Defence spending is broader than just military expenses.

deeper military cooperation between them in arms production and procurement. The pandemic was somewhat like a war, but now the focus is on real military strength and the ability to respond to cyber and hybrid attacks.

The European Commission has announced a plan of nearly €800 billion for defence, seeking ways to finance it through both public and private funding. The “escape clause” from fiscal rules has been activated for a four-year period, but the impact on public debt and deficits cannot be avoided. There is a divergence of views on this: the “frugal” countries are in disagreement with Italy, Spain, and France, which advocate the issuing of collective debt. Italy and Spain have also opposed the name “ReArm Europe” for the aforementioned programme, suggesting a less aggressive name. The European Commission now refers to it as “Readiness 2030”.

National budgets and the EU budget will likely undergo restructuring, with new resources allocated to defence; we will likely witness trends leading toward “defence ready economies”. European financial institutions, especially the European Investment Bank, are expected to play a major role, as mentioned in European Commission documents. State guarantees to mobilise private sector resources, such as those proposed by the Italian government⁴³, may also be considered.

The increased defence resources must be evaluated in relation to the EU’s competitiveness enhancement programme (e.g., Draghi Report, Letta Report). For a stronger defence industry in the EU countries does not automatically translate into higher competitiveness in key domains.

Currently, the average defence spending in the EU is about 2% of GDP. To reach 5% of GDP, as the U.S. demands, would imply more than a doubling of these expenses, on average, in EU countries. This would be a big burden for public budgets, although it can be argued that one should not procrastinate when it comes to matters of defence and security⁴⁴. Far more realistic would be to expect that the EU will reach an average of about 3.5% of GDP for defence over a period of time, but with significant differences between states.

The renewed suspension of fiscal rules cannot hide the shock caused by the defence needs and its impact on the difficult budgetary situations of the EU member states. It is important to note that the aforementioned suspension would not apply to the total defence spending, but only to the increase in such spending for a four-year period. In other words, after four years, fiscal consolidation would have to be implemented, but from a higher baseline.

The European Commission’s plan for an additional €800 billion in spending over the next four years includes €150 billion for a defence fund (to be financed through

⁴³Italian proposal for a “European Security and Industrial Innovation Initiative”, Brussels, March 11, 2025 (Catalysing private investment through EU guarantees and efficiently targeted member state commitments). Italian Government – Ministero dell’Economia e delle Finanze, (2025). “Ecofin: Giorgetti, ‘Italy will play its part on defence, but we need to define what is needed’”, March 11. Available at: <https://www.mef.gov.it/en/inevidenza/Ecofin-Giorgetti-Italy-will-play-its-part-on-defence-but-we-need-to-define-what-is-needed-00001/>.

⁴⁴In France, for instance, the development of the defence industry requires a reassessment of public budget priorities. Cosnard, D., (2025). «Le réarmement pousse la France à revoir ses priorités budgétaires», *Le Monde*, March 18. Available at: https://www.lemonde.fr/politique/article/2025/03/18/le-rearmement-pousse-la-france-a-revoir-ses-priorites-budgetaires_6582973_823448.html.

the issuance of collective bonds), which will provide loans to member states, and €650 billion mobilised through national budgets. Additional resources might be obtained from national recovery and resilience plans (NRRPs) and from restructuring the use of structural and cohesion funds.

Mobilising such a large amount of resources is a complicated process. Moreover, it is necessary to harmonise the positions of EU member states regarding the development of the defence industry in Europe and the issue of common procurement (how much from Europe, how much from outside). The Union is also counting on military cooperation with the UK, Norway, Canada, Türkiye, and possibly other countries. The €150 billion defence fund is primarily aimed at financing the defence industry in Europe.

The development of the defence industry in the EU could be a major common project—much like Airbus was—and would imply the adaptation of the European industrial policy to the new geopolitical reality. The question is whether such a programme (assuming it could be realised within the imagined parameters) can lead to intense innovation, and thereby, help Europe close the technological gap with the U.S and other countries (China) in strategic domains. Furthermore, this programme would require close, systematic collaboration between the involved countries.

Romania's economic security demands fiscal consolidation

Since joining the EU, Romania has achieved remarkable economic progress, according to various indicators – e.g., its GDP per capita based on purchasing power parity (PPP) is approximately 80% of the EU average, whereas twenty years ago, it was about 25-30% of the EU average. The economic landscape, including the infrastructure, has changed much for the better, though major discrepancies exist among regions and income inequality is still high. Schengen accession is another recent achievement, and the perspective of joining the OECD serves as a stimulus for improving institutions and introducing good practices.

Unfortunately, massive emigration has given rise to major concerns over the past years. Social discontent and frustration with the political class have been displayed at the national, local, and presidential elections during the years 2024 and 2025 – with far-right groups gaining more than 1/3 of the parliamentary seats⁴⁵. More fractious groups in the Romanian Parliament would harm political stability and might render policymaking less effective. But what matters in the end is Romania's loyalty to the European project and the rule of law.

EU funds have contributed a lot to Romania's development, by financing public investment to a large extent. Notwithstanding, the need for balanced development has been overlooked, and the rising budget deficit in recent years, coupled with a current account deficit are putting into jeopardy the prospects of economic advance. A painful macroeconomic correction has become inevitable. This is the only way to avert a

⁴⁵For an explanation of the rise of the far right in Romania, its estranged political class, and a flawed economic model, see Bortun, V., (2025). “Romania Is About to Experience Disaster”, *New York Times*, May 16. Available at: <https://www.nytimes.com/2025/05/16/opinion/romania-election-simion-dan.html>. In the same vein writes Veronica Anghel: “Romania's postponed reckoning – a rerun election averted autocracy but left democracy in peril”, *Foreign Affairs*, 21 May, 2025.

downgrade of the sovereign rating to a junk status, and secure the financing of the deficit and refinancing of the public debt in the years to come. Fiscal consolidation is a *sine qua non* of economic security.

Romania's budget deficit in 2024 surpassed that recorded in the pandemic year 2020, which was 9.2% of GDP. According to EU methodology (ESA), the 2024 budget deficit was 9.28% of GDP, the highest in the EU at the time. Its magnitude points to budgetary executions marked by poor budget planning and slippages, with a consistent underestimation of the need for fiscal consolidation.

By the end of 2024, Romania's public debt stood at 54.6% of GDP, following a rapid growth rate. Those who hastily point out that other EU countries have considerably higher public debts are wrong. Romania is not in the euro zone, there is a currency risk, and large budget deficits complicate access to financing and can trigger nervous reactions in the markets. The argument that Romania should not worry because it is not the only one with a large budget deficit fails to consider the full picture. For instance, in 2024 Poland had a budget deficit of 6.6% of GDP, but also a current account surplus, which places it in a better position compared to Romania with its over 8% current account deficit. Additionally, Poland's defence spending was 4.7% of GDP in 2024. In other words, if Poland had not increased the defence expenditure so much, its budget deficit would likely have been closer to 4% of GDP.

Another misjudgement made by some local economists is that as long as public investment tails the budget deficit as a share of the GDP, the situation is not worrisome. This reasoning is flawed because much of the public investment is financed from European funds. These European resources underlie both budget expenditure and revenue. This means that the ratio of public investment (from internal resources) to the budget deficit is significantly sub-unitary. Therefore, large public investment cannot justify large budget deficits. In addition, public investment must be efficient and target sectors that enhance tradables.

Romania's public budget has very low fiscal revenues (including contributions) at around 26-27% of GDP, compared to the EU average of over 40%, and 34-35% in peer countries. This is a huge handicap. Making a major fiscal correction, when the international environment is quite unfavourable and additional resources are needed for defence, represents an extremely difficult task. As documents from the Fiscal Council highlight, fiscal consolidation cannot be achieved solely on the expenditure side of the public budget; a significant increase of fiscal revenues is necessary as well⁴⁶. This may eventually lead to tax rises.

Fiscal consolidation is a must because Romania suffers from the "twin deficits" syndrome⁴⁷—high budget and current account deficits. As already mentioned, in 2024 the current account deficit exceeded 8% of GDP, with over 60% of its financing coming from borrowed resources. Romania's current account deficit is among the highest (as

⁴⁶Fiscal Council, (2025). *Opinion on the 2025 Budget Proposal and the Note on the Medium-Term Structural Budget Plan*, Bucharest.

⁴⁷See, also, Dăianu, D., Dumitru, I., and Uzum, L., (2025). "The Twin Deficits Syndrome - the Case of Romania", Romanian Journal of Economic Forecasting, Vol. 28, Issue 1. Available at: https://ipe.ro/new/rjef/rjef1_2025/rjef1_2025p23-39.html.

a percentage of GDP) in the EU. Countries like the Czech Republic, Hungary, and Poland, which Romania traditionally compares itself to, have much smaller deficits, or even surpluses. The big budget deficit largely explains the current account deficit⁴⁸. If Romania does not reduce its budget deficit drastically, people could lose confidence in its domestic currency, which would lead to capital outflows and significant pressures for national currency depreciation. The increasingly unfavourable international context complicates Romania's economic situation.

The new EU derogatory clause introduced (with reference to defence spending) does not exempt Romania from fiscal consolidation in the years to come, as some may think. It suffices to imagine how Romania's public debt would look like after a protracted period with large budget deficits. In a nutshell, the clause does not change the economic reality.

In 2024, Romania allocated just over 2% of GDP for defence, while having a cash public budget deficit of 8.64% of GDP. Romania's target is to bring its deficit to below 3% within the next 7 years. Government officials have announced a target of 3% of GDP for defence spending within the next two years.

Romania badly needs higher fiscal revenues, and must restrain expenditures as much as possible, by focusing on efficient spending. Romania must maximise its use of European funds.

The European fund absorption has been handled with a lack of urgency, especially in recent years. As a result, Romania risks losing billions of euros from the National Recovery and Resilience Plan (NRRP), and must do its best to recover the lost time. An intense absorption of European funds could help cushion the shock caused by the ongoing trade war and other shocks.

The need to increase defence spending could lead to a modification of the NRRP and of the way EU funds are used to reduce the pressure on the public budget. Most likely, the next Multiannual Financial Framework (MFF) will allocate fewer resources to Romania, given the challenges related to the EU's competitiveness, defence, and security.

Romania has become very much "dependent" on European funds, and this can backfire after 2026, when these funds will be drastically reduced, as the NRRP will end and the amounts allocated from the MFF will probably decrease in the next financial cycle. The massive reduction of the European resources will influence budget execution, public investments, the balance of payments, and economic growth –unless offset by other resources. This perspective is a strong argument for macroeconomic adjustment to take place in a reasonable timeframe, through credible measures.

Even if the European Commission's proposal would exclude the additional defence spending from the calculation of budget deficits, this will not change *de facto* the situation of Romania's public budget, which will remain very complicated, and which demands urgent fiscal consolidation measures.

⁴⁸Analyses from BNR and other studies (Dăianu, Dumitru, Uzum, *op.cit.*) suggest that there can be a 4-5% overvaluation of the leu, but this fluctuates and depends on the reference yardstick – labour costs (Unit Labour Costs: ULC), industrial production prices, etc. In other words, the budget deficit explains much of the size of the current account deficit.

Romania could allocate more for defence through contributions from citizens and businesses. The same could apply to the EU budget. The alternative would be to cut public spending in other areas and/ or raise taxes, which would involve very difficult economic and social policy decisions.

What global order are we heading toward?

A multipolar world is more complicated than a unipolar or bipolar system, as it makes it harder to reach agreements on crucial issues—such as the proliferation of weapons of mass destruction, fighting pandemics, climate change, etc. The balance of power, viewed dynamically, involves competition for resources and an arms race. It is true that agreements can be imagined to curb this race (especially via nuclear arms control), or to regulate the use of artificial intelligence⁴⁹, which in itself could represent an existential threat⁵⁰.

The world we are heading towards is one dominated by the economic and military power of the United States and China as global superpowers. The Russian Federation, which has strong military capabilities, is trying to reassert itself in the European balance of power and carve out its own sphere of influence. In fact, with an increasingly intense “realpolitik” logic in international relations, spheres of influence are getting a higher profile again.

The EU's place in the future global order depends on how it will develop its vectors of power—economic, technological, and military. From this point of view, the Union faces major hurdles, which, essentially, are rooted in its current governance structure. It is also unclear whether the war in Ukraine and global challenges will tilt the balance in favour of processes that would enhance the EU's internal cohesion. Regarding security, the EU must cooperate with countries outside the Union—the United Kingdom, Norway, Türkiye, Iceland, etc.

The global order depends on internal developments in various countries that are fuelled by economic strains, “culture wars” (for example, between conservatives and progressives, between generations⁵¹), technological advance (the impact of AI), urban agglomeration, demographics, population aging and, not least, a confrontation between autocracy and democracy (liberalism—which should not be confused with unfettered markets⁵²). Crises have favoured authoritarian temptations in democratic societies as well. In a dystopic scenario, one can think of a “hydraulic-civilization syndrome”, given that the struggle for food, water, and other critical resources, may lead to what the German historian Karl Wittfogel called “hydraulic civilizations”⁵³.

Global disorder could escalate if societies become more fragile, with eroded economic and social regulatory functions and a proliferation of authoritarian

⁴⁹Some see AI as a panacea for all the world's ills.

⁵⁰Just like climate change.

⁵¹See, for example, Howe, N., (2023), *The Fourth Turning is Here: What the Seasons of History Tell Us about How and When This Crisis Will End*, New York, Simon & Schuster.

⁵²Liberalism, as a political regime (democracy), essentially refers to the separation of powers (checks and balances), not to the economic doctrine of laissez-faire. See also footnote 12 on the two visions of democracy.

⁵³We have alluded to this scenario in Dăianu, D., (2021), *Economia și pandemia* [In English: *Economy and the Pandemic*], Polirom.

temptations. Robert D. Kaplan identified such trends in his 2000 book *The Coming Anarchy*⁵⁴, which he sees as more pronounced in recent years. He speaks about the weakening of democracy worldwide, of a “global Weimar”. In his view, the Weimar Republic epitomises intrinsic instability and emptiness (*moral crisis*), which lead to the loss of democracy in spirit and practice⁵⁵. Kaplan often refers to Oswald Spengler (who spoke about the decline of the West more than 100 years ago⁵⁶) and mentions Aleksandr Solzhenitsyn (the famous Russian dissident, a conservative in terms of political inclinations). Kaplan is among many others who have tried to elucidate the causes underlying the weakening of democracy in the world⁵⁷.

Security in Europe – some conjectures

The increase in defence spending is necessary because the world is becoming much more perilous and seemingly lawless, with much disorder and dangers at every step⁵⁸. The loss of the “peace dividend” has been clear for some time now, and the historically validated expression “when elephants fight, the grass suffers” has a huge relevance for our times.

The boost in defence spending requires popular support, ensured by a rhetoric that conveys how important a superior defence capacity is to deter a future aggression/war, since we can no longer rely unconditionally on support and protection from the United States.

It is in Romania’s and other European countries’ interest for the European Union to become more cohesive and develop its own defence capacity. Likewise, NATO must not weaken. Romania’s defence industry needs to develop, and offset arrangements would support this goal. However, Romania’s defence industry should not be envisioned outside joint actions at the European (EU) level.

It is vital that we avert a fatal erosion of the transatlantic relationship, and a large-scale and prolonged trade war between the United States and the EU. Such developments could cause great damage and destabilise the global economy. We would witness new inflationary pressures and recession on both sides of the Atlantic. Undoubtedly, Romania’s economy would be badly affected.

The relationship with the United States must be nurtured, just like the relations with France, the UK, Germany, Italy, and Poland. Türkiye also deserves a lot of attention from this perspective, being a regional power with growing influence. Neighbouring countries naturally enter Romania’s security equation.

In the new international context, diplomacy will be increasingly complex and

⁵⁴Kaplan, R.D., (2000). *The Coming Anarchy*, New York, Penguin Random House.

⁵⁵Kaplan, R.D., (2025). *Wasteland – a World in Permanent Crisis*, London, C. Hurst & Co.

⁵⁶Spengler, O., (1932). *The Decline of the West* (In German: Der Untergang des Abendlandes), New York, Alfred A. Knopf.

⁵⁷See, for instance, Barbara F. Walter’s work (*op.cit.*) that uses the concept of “anocracy”, or Steven Levitsky and Daniel Ziblatt (2018), *How Democracies Die*, New York, Crown – Penguin Random House. Available at: <https://newuniversityinexileconsortium.org/wp-content/uploads/2022/08/Levitsky-Ziblatt-How-Democracies-Die-2018-1.pdf>.

⁵⁸Thierry de Montbrial spoke about such a world, as early as the first term of President Trump, in his book *Vivre le temps des troubles* (in English: *Living in troubled times*), Paris, Albin Michel, 2017.

will unfold along the path of collective interests as well as through bilateral relations. The turmoil in the Balkans, in our neighbourhood, where new alliances are formed (e.g., between Hungary and Serbia, or between Croatia, Albania, and Kosovo), needs careful attention.

NATO must remain an organisation that provides security guarantees for its member states, with *Article 5* maintaining its significance.

The importance of the EU for Romania is difficult to underestimate because the Union was born not only for economic reconstruction, but primarily as a peace project. A more divided, fragile Union would endanger the European security, and we might head back to a dark period of Europe's history, the interwar period. This remark is also valid for NATO. The first Secretary General of NATO, Lord Ismay, has allegedly stated that the purpose of this organisation was to "keep the Americans in Europe, the Russians out, and the Germans down"⁵⁹.

To sum up, the years to come will be shaped by the confrontation between democracy and autocracy, and it is enough to think of the ordeals of the past to understand and cherish the democracy's values and benefits.

References:

- Allison, G., (2020). "The New Spheres of Influence. Sharing the Globe with other Great Powers", *Foreign Affairs*, March-April 2020. Available at: <https://www.foreignaffairs.com/articles/united-states/2020-02-10/new-spheres-influence>.
- Anghel, V. (2025), "Romania's postponed reckoning –a rerun election averted autocracy but left democracy in peril", *Foreign Affairs*, 21 May, 2025.
- Arnold, M., (2025). "EU watchdogs warn that weakening rules risks another financial crash", *Financial Times*, March 23.
- Andreessen, M., (2023). "The Techno-Optimist Manifesto" (commonly known as "The Andreessen-Horrowitz Manifesto"), October 16. Available at: <https://a16z.com/the-techno-optimist-manifesto/>.
- Bortun, V., (2025). "Romania Is About to Experience Disaster", *New York Times*, May 16. Available at: <https://www.nytimes.com/2025/05/16/opinion/romania-election-simion-dan.html>.
- Charap, S., (2023). "An Unwinnable War. Washington Needs an Endgame in Ukraine", *Foreign Affairs*, July/August. Available at: <https://www.foreignaffairs.com/ukraine/unwinnable-war-washington-endgame>.
- Colby, E.A., (2021). *The Strategy of Denial: American Defense in an Age of Great Power Conflict*, New Haven, Yale University Press.

⁵⁹Rodman, P.W., (1995). "NATO's Role in a New European Security Order", NATO Public Diplomacy Division. Available at: <https://www.nato.int/acad/conf/future95/rodman.htm>.

- Collier, P., (2018). *The Future of Capitalism: Facing the New Anxieties*, London, Allen Lane.
- Cosnard, D., (2025). «Le réarmement pousse la France à revoir ses priorités budgétaires», *Le Monde*, March 18. Available at: https://www.lemonde.fr/politique/article/2025/03/18/le-rearmement-pousse-la-france-a-revoir-ses-priorites-budgetaires_6582973_823448.html.
- Dăianu, D., (2011). *When high finance perverts markets and corrodes democracy*, Eurozine, Vienna, July 27.
- Dăianu, D., (2021). *Economia și pandemia [Economy and the Pandemic]*, Polirom.
- Dăianu, D., (2018). *Emerging Europe and the Great Recession*, Cambridge Scholars Publishing.
- Dăianu, D., (2009). *Which Way Goes Capitalism: In Search of Adequate Policies in a Dramatically Changing World*, Central European University Press.
- Dăianu, D., Dumitru, I., and Uzum, L., (2025). “The Twin Deficits Syndrome - the Case of Romania”, *Romanian Journal of Economic Forecasting*, Vol. 28, Issue 1. Available at: https://ipe.ro/new/rjef/rjef1_2025/rjef1_2025p23-39.html.
- Dăianu, D. (coord.), (2025). “România - Zona Euro Monitor” (Romania - the euro zone Monitor), No. 18, Bucharest, 2025. Available at: https://www.bnro/uploads/euromonitornr.182025_documentpdf_545_1744371761.pdf.
- de Montbrial, T., (2017). *Vivre le temps des troubles [Living in troubled times]*, Paris, Albin Michel, 2017.
- Eichengreen, B., (2025). “American Exceptionalism Meets Its Maker”, *Project Syndicate*, May 13. Available at: <https://www.project-syndicate.org/commentary/trump-damaging-pillars-of-american-economic-dominance-by-barry-eichengreen-2025-05>.
- Fiscal Council, (2025). *Opinion on the 2025 Budget Proposal and the Note on the Medium-Term Structural Budget Plan*, Bucharest.
- Fukuyama, F., (2006). *After the Neocons: America at the Crossroads*, New Haven, Yale University Press.
- Howe, N., (2023). *The Fourth Turning is Here: What the Seasons of History Tell Us about How and When This Crisis Will End*, New York, Simon & Schuster.
- Italian Government – Ministero dell’Economia e delle Finanze, (2025). “Ecofin: Giorgetti, ‘Italy will play its part on defence, but we need to define what is needed’”, March 11. Available at: <https://www.mef.gov.it/en/inevidenza/Ecofin-Giorgetti-Italy-will-play-its-part-on-defence-but-we->

[need-to-define-what-is-needed-00001/](#)

- Kaplan, R.D., (2000). *The Coming Anarchy*, New York, Penguin Random House.
- Kaplan, R.D., (2025). *Wasteland – a World in Permanent Crisis*, London, C. Hurst & Co.
- Kennedy, P., (1987). *The Rise and Fall of the Great Powers*, New York, Vintage Books
- Kissinger, H. , Schmidt, E., and Huttenlocher, D., (2022). *The Age of AI*, London, John Murray Publishers.
- Levitsky, S., and Ziblatt, D., (2018). *How Democracies Die*, New York, Crown – Penguin Random House. Available at: <https://newuniversityinexileconsortium.org/wp-content/uploads/2022/08/Levitsky-Ziblatt-How-Democracies-Die-2018-1.pdf>.
- Mahbubani, K., (2018). *Has the West Lost It? –A Provocation*, London, Allen Lane.
- Malkasian, C., (2023). “The Korea Model. Why an Armistice Offers the Best Hope for Peace in Ukraine”, *Foreign Affairs*, July/August. Available at: <https://www.foreignaffairs.com/ukraine/korean-war-diplomacy-armistice-nato>.
- Mearsheimer, J.J., (2018). *The Great Delusion: Liberal Dreams and International Realities*, New Haven, Yale University Press.
- Michaelson, J., (2025). “The Case for Tariffs”, *The Wall Street Journal*, March 30. Available at: <https://www.wsj.com/opinion/the-case-for-tariffs-trade-deficit-business-investment-deindustrialization-40b8f867>.
- Miran, S., (2024). “A User’s Guide to Restructuring the Global Trading System”, Hudson Bay Capital, November. Available at: https://www.hudsonbaycapital.com/documents/FG/hudsonbay/research/638199_A_Users_Guide_to_Restructuring_the_Global_Trading_System.pdf.
- Mounk, Y. (2016). “Illiberal Democracy or Undemocratic Liberalism?”, *Project Syndicate*, June 9. Available at: <https://www.project-syndicate.org/commentary/trump-european-populism-technocracy-by-yscha-mounk-1-2016-06>.
- Obstfeld, M., (2025), “Let’s stop the trade deficit blame game”, *PIIE*, March 19. Available at: <https://www.piie.com/blogs/realtime-economics/2025/lets-stop-trade-deficit-blame-game>.
- Prestowitz, C.V., (1990). *Trading Places - How We Are Giving Our Future to Japan and How to Reclaim It*, New York, Basic Books.
- Rachman, G., (2025). “Trump and the contest between two visions of democracy”, *Financial Times*, January 20. Available at: <https://www.ft.com/content/4ba6a193-0619-41e3-a37f-4ef3978e80a9>.

- Rajan, R.G., (2025), «L'affirmation selon laquelle l'attractivité du dollar constituerait un fardeau plutôt qu'un privilège exorbitant n'est pas convaincante» [“Is a strong US dollar actually a burden for the Americans?”], *Le Monde*, March 20. Available at: https://www.lemonde.fr/idees/article/2025/03/20/l-affirmation-selon-laquelle-l-attractivite-du-dollar-constituerait-un-fardeau-plutot-qu-un-privilege-exorbitant-n-est-pas-convaincante_6583799_3232.html.
- Reich, R., (2016). *Saving Capitalism: For the Many, Not the Few*, New York, Vintage Books.
- Rey, H., (2025). “How Europe should respond to the erosion of the dollar’s status”, *Financial Times*, May 7. Available at: <https://www.ft.com/content/5bc02699-3eda-465b-bd73-f5e8b9573ae8>.
- Roach, S., (2025). “Stagflation for the Ages”, *Project Syndicate*, April 24. Available at: <https://www.project-syndicate.org/commentary/trump-tariffs-attacks-on-fed-could-lead-to-stagflation-global-recession-by-stephen-s-roach-2025-04>.
- Rodman, P.W., (1995). “NATO’s Role in a New European Security Order”, NATO Public Diplomacy Division. Available at: <https://www.nato.int/acad/conf/future95/rodman.htm>.
- Saltman, M., (2025). “Old US-Canada relationship is ‘over’ warns Canadian prime minister”, CNN, March 28. Available at: <https://edition.cnn.com/2025/03/27/americas/canada-trump-tariffs-response-latam-intl>.
- Sorgi, G., Barigazzi, J., and Faggionato, G., (2025). “EU slams the door on US in colossal defense plan”, *Politico*, March 19. Available at: <https://www.politico.eu/article/eu-freeze-us-multi-billion-defense-plan-arm-makers/>.
- Spence, M., (2025). “The Economic Consequences of the Trump Administration’s Policies”, *Project Syndicate*, May 14. Available at: <https://www.project-syndicate.org/commentary/short-and-long-term-effects-of-trump-economic-policies-by-michael-spence-2025-05>.
- Spengler, O., (1932). *The Decline of the West* (In German: *Der Untergang des Abendlandes*), New York, Alfred A. Knopf.
- Sullivan, J., (2023). “The Sources of American Power –A Foreign Policy for a Changed World”, *Foreign Affairs*, November-December. Available at: <https://www.foreignaffairs.com/united-states/sources-american-power-biden-jake-sullivan>.
- Tett, G., (2025). “How to make sense of Trump’s tariffs”, *Financial Times*, April 5.
- The Economist, (2025). “America’s New Foreign Policy”, March 15.
- Vance, J.D., (2024). “The math on Ukraine does not add up”, *New York Times*, April 12.

- Varoufakis, Y., (2023). *Techno-feudalism – what killed capitalism*, London, The Bodley Head.
- Wallach, L., (2025), “Tariffs aren’t necessarily bad. Here’s what Trump’s critics are getting wrong”, *Project Syndicate*, April 1. Available at: <https://www.marketwatch.com/story/tariffs-arent-necessarily-bad-heres-what-trumps-critics-are-getting-wrong-8c501876>.
- Walter, B.F., (2022). *How Civil Wars Start: And How to Stop Them*, London, Viking.
- Wieviorka, O., (2025). “Olivier Wieviorka, historian: ‘The current context bears some resemblance to the situation before the Second World War’”, *Le Monde*, March 5. Available at: https://www.lemonde.fr/en/opinion/article/2025/03/05/olivier-wieviorka-historian-the-current-context-bears-some-resemblance-to-the-situation-that-prevailed-before-the-second-world-war_6738827_23.html.
- Wolf, M., (2024). *The Crisis of Democratic Capitalism*, London, Penguin Books.
- Wolf, M., (2025). “The old global economic order is dead”, *Financial Times*, May 6. Available at: <https://www.ft.com/content/49e38ee8-f37e-47da-8ee4-1631175d2224>.