

Is Europe Prepared for the Emerging Illiberal World Order?

Gergely Varga



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Author: Gergely Varga

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About the Danube Institute

The Danube Institute, established in 2013 by the Batthyány Lajos Foundation in Budapest, serves as a hub for the exchange of ideas and individuals within Central Europe and between Central Europe, other parts of Europe, and the English-speaking world. Rooted in a commitment to respectful conservatism in cultural, religious, and social life, the Institute also upholds the broad classical liberal tradition in economics and a realistic Atlanticism in national security policy. These guiding principles are complemented by a dedication to exploring the interplay between democracy and patriotism, emphasising the nation-state as the cornerstone of democratic governance and international cooperation.

Through research, analysis, publication, debate, and scholarly exchanges, the Danube Institute engages with centre-right intellectuals, political leaders, and public-spirited citizens, while also fostering dialogue with counterparts on the democratic centre-left. Its activities include establishing and supporting research groups, facilitating international conferences and fellowships, and encouraging youth participation in scholarly and political discourse. By drawing upon the expertise of leading minds across national boundaries, the Institute aims to contribute to the development of democratic societies grounded in national identity and civic engagement.

About the Author



Gergely Varga (PhD) is a security policy expert currently serving as a diplomat in Bern. He received his MA in law and history at ELTE University in Budapest and earned his PhD at the Budapest Corvinus University. During his PhD studies he was a Visiting Fellow at SAIS Johns Hopkins University in Washington D. C. Previously he worked as a researcher and lecturer at the National University of Public Service, before his current diplomatic role at the Hungarian Embassy in Bern, he was heading the Euroatlantic Program at the Hungarian Institute of International Affairs. He has numerous think tank and academic publications on transatlantic relations, US foreign policy and European security affairs.

Is Europe Prepared for the Emerging Illiberal World Order?

Gergely Varga

Abstract

The old liberal world order is receding, and an illiberal, transactional style of international relations is being constructed along the lines of a new multipolar system. Europe, one of the prime beneficiaries of the liberal international system, will have to reckon with the loss of its influence and privileges in this new order. As illiberalism emerges and the global economy experiences greater fragmentation, the creation of a European foreign policy based on the sovereignty of nation-states is more necessary than ever should Europe wish to remain a relevant actor in international politics.

Introduction:

Recent geopolitical events from Trump's trade wars to the Trump-Putin Summit and wars in the Middle East underpin the notion that the liberal rule-based world order is diminishing. Europe, one of the prime beneficiaries and the most strident defender of the old order, has merely been following geopolitical events rather than shaping them. In order to remain geopolitically relevant, Europe will have to recognise the main features of the emerging international system and learn to adjust to these new realities.

The first step towards a proper assessment is acknowledging some of the systemic imperfections and European privileges in the old liberal world order. Secondly, Europeans have to realise that in all likelihood, instead of total chaos a new order will emerge, albeit a less liberal one. A more frequent use of hard power, the securitisation of economic policies, and a more fragmented global economy will be some of the key features of the new multipolar order.

Europe's ability to fight for and defend its interests in the new world order depends primarily on the strength of its geopolitical foundations: its economic strength, its technological development, its military capabilities, its political stability and agility built on a Europe of strong nation-states.

Following the litany of changes to the international system since the beginning of President Donald Trump's second term in office, it is clear that Europeans must accept that the rule-based world order has come to an end. President Trump's trade deals and new tariff regimes, the war in the Middle East between Israel and Iran, and the brief direct United States military intervention, not to mention the Trump-Putin meeting in Alaska, all signal that geopolitical competition and the great power game have entered a new phase. The liberal world order, built upon the "Pax Americana" has disappeared, and a new illiberal world order organised around great power competition is emerging.

The idea of an illiberal world order first jumped into European political discourse as a result of Hungarian Prime Minister Viktor Orbán. While Hungary has sought to adapt to these changes in the world order, much of Europe finds itself unprepared.

However, this historical transition is not a sudden break from the concept of an international order, but a process that began well before President Trump moved into the White House in January 2025. The aforementioned events demonstrate that Europe, the most strident defender of the old order, has merely been following geopolitical events rather than shaping them. The question now is whether Europe will recognise the main features of the emerging international system and learn to adjust to new geopolitical realities.

Security Council Meeting at United Nations,
New York. (Shutterstock)



The Downfall of an Imperfect Liberal Order

To understand the nature of the new illiberal world order, honest assessments of the failing elements of liberalism are necessary. As an excellent piece in *Foreign Affairs* pointed out, the demise of the liberal international order cannot be blamed solely on the usual suspects: Trump, Putin and Xi.¹ Liberalism itself is in large part to blame for the disqualification of liberal principles with its belief that technocratic governance, universalism and uniformisation would solve the problems of global governance and geopolitics itself. Instead, these traits of liberalism only fuelled the resistance against the liberal order not just from the leaders of revisionist powers but within the West itself.

Secondly, Europe must not confuse international order with liberal principles. Parallels can be drawn here with interpretations of the concepts of liberal international order and liberal democracy. The term “illiberal democracy” was popularized by Fareed Zakaria in his famous 1997 essay, “The Rise of Illiberal Democracy.”² However, it was not until Prime Minister Viktor Orbán's speech in Tusnádfürdő in 2014 that the term entered the centre of European political discourse.³ Mainstream Western opinion, of course, viewed Orbán's remarks as further evidence of his alleged anti-Western and anti-democratic tendencies. In reality, he was simply stating that liberalism and democracy are separate, distinct concepts, and that post-modern liberalism has increasingly undermined democracy.

The international system that emerged following the end of the Cold War—in which the West dominated global institutions—led Western elites to view the concepts of liberalism and international order as inseparable. Likewise, Western elites saw liberalism and democracy as one and the same. However, long before liberal principles became a powerful organising force in international relations following the Second World War—backed by American power—there were multiple international orders which set the basic

principles of state interaction and demonstrably to provided general stability and prosperity, the nineteenth century “concert of Europe” being the best example.⁴ When it comes to international order, the balance of power—or in the case of the hegemonic power of the Pax Americana—has always been the key enabler, not liberal norms. As American hegemony waned due to the changes in global power distribution, and the world order became more multipolar, the foundations of the liberal international order diminished.

Moreover, liberal principles have not been fully implemented in the international system over the past thirty-five years, let alone during the Cold War. Contrary to dominant Western perceptions, the behavior of autocratic regimes and rogue states was not the only cause of the system's imperfections. It is worth observing issues beyond certain foreign policy actions, such as the air campaign against Yugoslavia and the support of many European countries for the Iraq War—which could be questioned legally—and examining some of the institutional arrangements of the liberal order.

The dominant paradigms were the principles of equality of states, multilateralism, and free trade, but these were far from universally applied. Take the international economic order and free trade, for example. During the period of expanding globalisation following the Cold War, both Europe and the US continued to protect their agriculture through high import tariffs and subsidies. European industry enjoyed more favorable tariff rates in its exchanges with the United States, not to mention a wide range of non-tariff regulatory barriers protected the European market.⁵ Some European countries—most notably France—even had special privileges in their economic and financial relations with African countries, stemming from historic colonial relations. The issue is not that these policies were necessarily bad, but that they protected European interests by contradicting the principles of free trade.

¹ Stacie E. Goddard, Ronald R. Krebs, Christian Kreuder-Sonnen, Berthold Rittberger: Liberalism Doomed the Liberal International Order. *Foreign Affairs*, July 28, 2025.

² Fareed Zakaria: The Rise of Liberal Democracy *Foreign Affairs*. Vol. 76, No. 6 (Nov. - Dec., 1997), pp. 22-4.

³ Prime Minister Viktor Orbán's Speech at the 25th Bálványos Summer Free University and Student Camp, Website of the Hungarian Government, 26 July 2014. Available At: <https://2015-2019.kormany.hu/en/the-prime-minister/the-prime-minister-s-speeches/prime-minister-viktor-orban-s-speech-at-the-25th-balvanyos-summer-free-university-and-student-camp>

⁴ Andrew Philipps: *War, Religion and Empire. The Transformation of International Orders*. Cambridge University Press, 2010.

⁵ Madalena Barata da Rocha, Nicolas Boivin, Niclas Poitiers: The economic impact of Trump's tariffs on Europe: an initial assessment, *Bruegel Publications*, April 2025 <https://www.bruegel.org/analysis/economic-impact-trumps-tariffs-europe-initial-assessment>

International governance and global security must also be examined to evaluate the inconsistencies of the “liberal” world order. The fact that two European middle powers, the United Kingdom and France, are members of the United Nations Security Council clearly does not reflect today's geopolitical realities. Moreover, as wealthy nations with expertise in all areas of international governance, European countries—alongside the US and China—have a disproportionate indirect influence on international governance and on international institutions or non-governmental organisations alike, relative to their population size.

Mainstream European voices usually base their arguments in defence of the liberal order in the beliefs of common benefits and moral principles—at least when attacking the autocratic regimes of “populist” leaders such as Donald Trump or Viktor Orbán. Make no mistake: the liberal, rules-based international order, underpinned by American power, has brought great benefits, creating a reasonably stable international system and providing the basis for significant global economic growth, including in Europe. However, as the liberal world order comes under increasing pressure, Europe's greatest fear that it will lose its privileges and influence in the emerging illiberal world order.



President Donald Trump and President Andrzej Duda of Poland, Washington. (Shutterstock)

The Illiberal Order and Global Economic Fragmentation

The defining traits of the emerging multipolar world system include the return of illiberal diplomatic conduct and increasingly, the fragmentation of the global economy.

The Emerging Illiberal Order

There is a general narrative, especially in Europe, that the end of the liberal order will lead to chaos and the triumph of the strong over the weak. Undoubtedly, the world has become more fractured in recent years, with international politics having become more transactional and unpredictable. However, the international system has always been anarchic, with state competition and a lack of global governance being permanent features of the modern, state-based international system ever since its inception in the mid-seventeenth century. Even if power is distributed more evenly, the great powers will still have to accommodate each other if they want to avoid another great power war. A new order will emerge from these actions, albeit a less liberal one.

Hard power, or the coercive behavior of states, will become a more common feature of international politics. Coercion will not be restricted to the military domain, but will become a more common feature in politics, the economy, trade and technology as well. Europe now faces the challenge of how to steer itself out of its current weak and vulnerable geopolitical position. The top priority for Europe must be for individual nations to get their own affairs in order, with the European Union acting as a strategic enabler, covering everything from economic policy to defence and migration. The value of references to international law in the new illiberal, multipolar system will be strongly correlated with the geopolitical power that backs it up.

At the same time, soft power will continue to play an important role in shaping international politics.⁶ Religion, culture and values will continue to influence politics. The political significance of Islam among Muslim nations, the role of the English language in the Anglosphere, and the shared Turkish heritage among members of the Organisation of Turkic States are beyond question. Without a shared understanding of the importance of the fundamental values and achievements of Western civilisation, cooperation among the political forces of the New Right in various Western countries would be much weaker. However, as demonstrated by the war between Russia and Ukraine, geopolitics can override even the closest of cultures. If Europe clings to the liberal ideals of multiculturalism, wokeness and the universality of Western values, it will become increasingly isolated and lose all of its productive base.

International law will not cease to exist; it will continue to be an important reference point for all countries, even those that seriously violate it. While this certainly doesn't legitimise Russia's aggression against Ukraine, Moscow does refer to international treaties—most notably those expressing the indivisibility of European security—when seeking to justify its actions.⁷ China, as well as other nations, uses the notion of “historical rights” to inform its territorial claims. Europe must also adapt to the fact that as its global influence weakens and the liberal democratic model becomes increasingly contested, other countries will invoke the principle of non-intervention in domestic politics more boldly with regard to Europe.

A Fragmented Global Economy

As global norms and institutions weaken, various forms of regional cooperation are gaining momentum. Although the global economy is already more fragmented, free trade

⁶ Christopher Phillips: Does soft power still matter in a hard power world? *Al Majalla*, July 2025. Available at: <https://en.majalla.com/node/326440/politics/does-soft-power-still-matter-hard-power-world>

⁷ Foreign Minister Sergey Lavrov's interview with NBC, Moscow, August 24, 2025. Available at: https://mid.ru/en/foreign_policy/news/2042813/

regimes are not a thing of the past. In fact, even before Trump, the US had adopted a more protectionist stance, while the EU, Mercosur, Indonesia, EFTA and others have concluded multiple free trade agreements in the past two years.⁸ Free trade regimes are therefore here to stay; however, they will be even less of a universally valid paradigm than before. Europe will continue to champion free trade, including in its relations with China. This doesn't mean being naive or turning a blind eye to certain practices.

Geopolitical considerations will play a more decisive role in determining trade policies than pure laissez-faire economics.⁹ This means that “strategic depth” in strategic sectors and the resilience of national economies will become more important than mere productivity figures.¹⁰ However, recent events such as the COVID-19 Pandemic, climate catastrophes and the use of rare earth mineral exports in trade wars demonstrate that the concept of “strategic

sectors” has widened in recent years. The securitisation of the economy is not just the result of political leaders, but also the consequence of the nature of the global challenges we face.

Another key aspect of the illiberal world order is the contrasting attitudes of its two most powerful players towards free trade. For many decades, the leader of the “Free World”—the United States—with its strong military and technological power, was the key enabler and defender of the free trade system. Now, as it becomes one of the most advanced industrial nations and the most important trading partner for many countries, Communist China is positioning itself as the champion of free trade. Nevertheless, the US continues to be a leader in many technological domains and a leading power in the trade of services. Last but not least, it continues to have the most powerful military. The one thing that looks certain from this constellation is that the future of the global economy and trade will become much more uncertain.

⁸ EU Trade Topics - Negotiations and Agreements, August 2025. Available at: https://policy.trade.ec.europa.eu/eu-trade-relationships-country-and-region/negotiations-and-agreements_en; EFTA's Free Trade Agreements Monitor August 2025 <https://www.efta.int/efatoolbox/efas-free-trade-agreements-monitor>

⁹ Michael B. G. Froman: After the Trade War. Remaking Rules From the Ruins of the Rules-Based System. *Foreign Affairs*, August 2025. Available at: <https://www.foreignaffairs.com/united-states/after-trade-war-michael-froman>

¹⁰ Nadia Schadlow: New Dimensions of Strategic Depth. *The Hudson Institute*, June 2025 <https://www.hudson.org/information-technology/new-dimensions-strategic-depth-nadia-schadlow>

House of Parliament, Budapest (Shutterstock)



Concluding Remarks for a European Foreign Policy

The rule-based liberal order has many valuable features that deserve to be fought for, such as the order and predictability provided by common norms, open access to the global commons and multilateral institutions for addressing shared challenges. In an increasingly geopolitically competitive world, empty communiqués, declarations and demands will be worth even less than before if they are not backed up by power and deliberate strategy. Rather than doctrinaire idealism, foreign policy needs a results-oriented, realist approach where the use of incentives and sanctions is defined by European interests and objectives rather than sympathy. Diplomacy with partners and adversaries must not be a reward to be offered, but an essential tool in the pursuit of European interests.

Europe's ability to protect these achievements depends on its ability to ensure its economic interests, create technological advancements, develop its military capabilities and guarantee the manoeuvrability of its foreign policy. One such example of the continent's failure to escape from its liberal trappings is the European Union's self-perception as a regulatory superpower—when in fact it has shackled itself through over-regulation. It has further, proven itself a superpower in international lecturing for far too long, lacking any understanding of the damage its actions hold to Europe's diplomatic relations with states across the world.

Without economic power, no nation-state or economic bloc will care about European regulation; without geopolitical power, no one will care what Europe says. However, Brussels' endless centralisation of power will not suffice to remedy these problems—especially if the EU's technocratic leadership forces member states to pursue irresponsible strategies and the wrong objectives. The European Union gains its strength from strong, diverse nation-states working closely together. Finding a common ground among member states may be challenging, but preserving Europe's unity in the long term can only be achieved this way.

It is no coincidence that just as Viktor Orbán was the first Western leader to draw attention to the deficiencies of liberal democracy in our age, it is again the Hungarian Prime Minister and his government who first recognised the importance of adjusting the Hungarian nation's grand strategy to adapt the emerging new illiberal world order. Hungarian history teaches us that geopolitics must be grounded on objective reality, and that sometimes—as it is today—pursuing a realist agenda requires even more courage and clearer vision than merely conforming to the *Zeitgeist*.



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