EuroMemo Group

EMG

European Economists for an Alternative Economic Policy in Europe

# EuroMemorandum 2026


## *Aspects and implications of EU militarising. Alternatives for a Progressive Agenda.*

EuroMemorandum 2026 draws on discussions and papers presented at the 31st Workshop on Alternative Economic Policy in Europe, organised by the EuroMemo Group and jointly hosted with the Panteion University of Social and Political Sciences, from 22nd to 23rd of September 2025 in Athens/Greece.

# INTRODUCTION

The year 2025 was marked by growing geopolitical and geoeconomic tensions, directly affecting the EU. The Russian aggressive war in Ukraine, already in its fourth year, continued unabated, while the conflict in the Middle East intensified under Israel's brutal attacks on Gaza. The US military attack on Venezuela and the abduction of President Maduro violates international law, state sovereignty and the principle of peaceful conflict resolution, while the international disorder is further accentuated by President Trump's threats to take over Greenland by any means, whether peaceful or aggressive, directly impinging on the sovereignty of Greenland and of Denmark, a NATO ally! Last but not least, the newly minted US protectionist policies have created upheaval, while President Trump's tariffs policies keep changing at whim, adding to global uncertainty[1]. Additional challenges include the fast developing AI sector, the normalization of crypto currencies, and the proliferation of climate-related disasters.

The above challenges and disruptions will continue to reshape the EU and the global economy in 2026. The response of the European leaders has been increased militarization, including rearmament, higher defence spending and related policy reorientation, on the one hand and further deregulation, or 'simplification', as it is now called, stated to be a way of boosting competitiveness.

Over the last years, the EuroMemoranda have highlighted the multiplicity of crises, interconnected and synthesized in the concept of *polycrisis*, that characterize the global economy and particularly the European case. The EU response to this polycrisis has only been temporary (right after the Covid-19 crisis with the beneficial effect of the NextGenEU programme, as recalled in chapter 1 of this EuroMemorandum). Today, it seems that the EU approach directly serves a neoliberal, rather than a socially-oriented, goal: using public spending to de-risk private investment in favour of capital accumulation. The European Green Deal has been deprioritised and sporadic reference to a socio-ecological transformation has been abandoned, as we report in chapter 2.

Indeed, as also shown in the 2025 EuroMemorandum when criticizing the Draghi Report, several trends were already underway. Among them, it is worth highlighting the ones we consider most worrisome for the peoples of Europe:

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[1] Indeed, Trump's threat to raise tariffs against eight European countries that deployed troops to Greenland revived talk of a trade war and the possibility of retaliation by the EU against the US. The use of an EU package of retaliatory trade measures against the US worth 93 billion euros, prepared in 2025 when the EU was negotiating a trade deal with the US, is on hold until August 2026.

- A growing militarization of the economies;
- A resurgence of market deregulation under the heading of improving global competitiveness of EU-based companies, in a context of trade wars;
- A clear shift of the political axis to the right and extreme right.

These trends are interlinked and reinforce each other. The European institutions, which are key actors in these trends, also reflect the shift of the political axis to the right. Some examples illustrate this very clearly.

The **deregulation** offensive concerns restrictions imposed on firms by market regulation and primarily serves European companies' competitiveness. However, it also enables militarisation, as exemplified in the recent removal of the long-standing ban on using EU funds to finance Member States' investment in military capacity. Deregulation was a basic claim of European business represented in the Antwerp Declaration (Antwerp Declaration, 2024). It was also supported by actors of the defence industries (BDSV, 2022).

- **Militarisation** is linked to the recent debate on the strategic **autonomy** of the European Union. The debate is about reducing the EU's dependency on the US, Russia, and China, by increasing its control over energy sources, cutting-edge technologies, 'critical' raw materials, and capital flows, and by enhancing the capacity of a European-based defence industry. The EU's policy in these areas is shaped by the geopolitical interests and internal political dynamics of its Member States.
- The resurgence of deregulation is now promoted by the **right**. However, it was supported by centre-left governments in the 1990s and 2000s in the EU, the US, and other advanced economies, who endorsed the neoliberal agenda. Indeed, the deregulation agenda was already present in the Single European Act and the Maastricht Treaty, as part of the neoliberal project of European integration. Liberalisation/deregulation, commercialisation and privatisation were highly relevant to the development of the EU as a global player, favouring the most powerful fractions of capital, mainly based in its leading economies.

These trends are not an accident of history, but a reflection of the development of the political power balance at the national and EU levels. This balance has shifted over the past fifteen years towards the right and extreme right and against the left and progressive forces. The shift can be explained by both the adherence of most social democratic, labour and socialist parties to the implementation of policies enabling neoliberal globalisation, privatisations and labour market flexibility while in government, as well as the structural weaknesses of the radical left. The shift reached a peak after the 2024 European Parliament elections and found expression in the de-prioritisation of the European Green Deal and the transition to ReArm Europe.

Political power relations can be changed when the actors fighting for change become stronger. The EMG's (EuroMemo Group's) proposals are aimed at supporting those actors who want socially and ecologically sustainable development, a self-determined life in dignity, solidarity and a healthy natural environment. While there is a genuine need to implement policy alternatives, as suggested in chapters 1, 2, and 3 of this EuroMemorandum, it is also important to develop alternative economic models, driven by human needs and based on an alternative way of thinking, as shown in chapter 4.

The 2026 EuroMemorandum is aimed at giving content to these issues, by: examining the macroeconomic dynamics of the EU (**chapter 1**); showing the socio-ecological roll-back (**chapter 2**); analysing the strategic reorientation of the EU towards militarisation and presenting the associated changes in the EU budget (**chapter 3**); and discussing the prerequisites of an alternative project of socio-ecological transformation (**chapter 4**).