

BRUSSELS ECONOMIC SECURITY REVIEW



Conditional openness, contingent security and wicked trade-offs

by Fabian Zuleeg

Economic security is often framed as a trade-off with openness. But in a world shaped by strategic rivalry, uncertainty and political intent, the real challenge is not choosing between the two. It is understanding how they interact. That requires moving beyond conventional economics towards an approach that integrates strategy, political economy, game theory and forethought.

For decades, Europe's economic model rested on a simple premise: openness delivers prosperity, and interdependence fosters stability. That premise no longer holds true consistently. In today's geoeconomic environment, openness can be weaponised, dependencies can be exploited, and supply chains can become channels of coercion rather than efficiency. Economic relationships are no longer politically neutral; they are strategic. As the EPC argued in its early paradigm-setting work, economic security is not just another policy add-on but "a new EU paradigm" requiring a long-term effort to change policymaking, identify critical systems, draw up contingency plans and invest in analytical capability to anticipate and adapt before security is compromised.¹

Economic security has therefore moved from the margins of policy debate to its centre. But while the politics has advanced quickly, the underlying analytical framework remains underdeveloped. Too often, economic security is still treated as if it were an extension of conventional economics: a matter of correcting market failures, adjusting incentives or accepting a simple trade-off between security and efficiency. That is too narrow. The critical next step is not simply to identify what is critical. It is to understand the economics of economic security itself.

From openness to conditional openness

The traditional model of openness assumed that economic exchange was governed primarily by comparative advantage, efficiency and relatively stable rules. Political interference was treated as a distortion around the edges. That assumption is increasingly untenable. As the EPC's work on

the economics of economic security has argued, once interdependence can be weaponised, the analytical starting point must change. Openness can no longer be understood as an automatic good. It must become *conditional openness*: openness shaped by risk, resilience, reciprocity and the behaviour of others.

That does not imply a retreat from the world. Europe still depends on openness for prosperity, innovation and influence. But it does mean that openness must be assessed not only by its static efficiency gains, but also by the vulnerabilities it creates and the contingencies it may trigger. This is one reason why economic security cannot be analysed adequately through standard models that assume stable preferences, observable risks and largely depoliticised exchange. Here, intentions matter, politics change, trust can erode quickly and the relevant question is often not what is efficient today, but what leaves you exposed tomorrow. That is why forethought matters: anticipating future contingencies before they materialise, rather than merely reacting once the damage is done. EPC's 2023 paradigm paper made exactly this point in calling for contingency plans and stronger analytical capability to act in advance.²

Like-mindedness and the limits of cooperation

This also reshapes the debate on like-mindedness. As the recent EPC To the Point on the subject argues, like-mindedness is not binary. It can be *functional*, where countries' interests align on a specific issue, or *value-based*, where they share deeper political principles such as liberal democracy and the rule of law. That distinction matters enormously for economic security. Functional alignment can enable pragmatic cooperation. But deeper openness, including the acceptance of mutual vulnerabilities, depends on value-based trust.³

That is why a common approach is often far more effective than a fragmented one, but only under a strict condition: the countries involved must be equally committed to the underlying principles. A fragmented approach increases duplication, leaves gaps, weakens collective leverage and often raises costs. A genuinely common approach can pool resources, create scale and improve effectiveness. But if some participants do not share the same commitment to the underlying norms or want the benefits of collective security without bearing the costs or respecting the rules, then common action becomes weaker rather than stronger. The EPC's economics piece makes this explicit: no policy is likely to succeed if it allows free riding on the costs this paradigm shift imposes, whether by companies or governments.⁴

This is why ‘like-minded’ cannot be used as a vague diplomatic label. It must do real analytical work. The more cooperation depends on trust, the more it depends on whether partners are merely functionally aligned on one issue or genuinely committed to the same political and economic principles over time. That is not a semantic distinction. It is a practical condition for whether a common approach to economic security will hold when pressures intensify.

Not conventional economics

At its core, economic security is not a standard economic problem. It cannot be reduced to a familiar exercise in market correction or welfare optimisation. It sits at the intersection of economics, strategy and politics.

It contains an inherent element of game theory because outcomes depend not only on one’s own choices, but on how others respond. Measures designed to reduce vulnerability may invite retaliation, adaptation or escalation. It is deeply shaped by political economy because the costs and benefits are unevenly distributed, domestic politics condition what governments can do, and strategic dependencies are often sustained by vested interests. It depends on forethought because the point is to build contingencies for possible future misbehaviour before it happens. And it revolves around intentions as much as capabilities. Even though intentions are hard to observe, they can shift quickly and may be deliberately concealed. In this sense, economic security is closer to decision-making under strategic uncertainty than to textbook economics.

That is why the language of trade-offs on its own is insufficient. Yes, there are trade-offs. Resilience, redundancy and diversification can raise costs in the short term. But the challenge is not just to optimise across known variables. It is to make judgments under deep uncertainty in a world where the underlying distribution of risks may itself be unstable. That is a very different analytical task.

Type I and type II errors in economic security

This is particularly clear when distinguishing protection from protectionism. In conventional policy debates, the temptation is to assume that one can identify the ‘right’ level of intervention with reasonable precision. In economic security, that confidence is misplaced.

A *type I error* is failing to act when there is a real security risk. In this context, that means leaving yourself exposed to coercion, disruption or

strategic dependency because you judged the threat to be too low or too remote. A *type II error* occurs when the perceived risk is overstated or misunderstood. That means imposing unnecessary restrictions, raising costs, reducing competitiveness or damaging cooperation when the underlying threat was not serious enough to justify the intervention. The EPC's economics paper explicitly uses this framing because both kinds of mistakes can be very costly.⁵

The difficulty is that these errors cannot be assessed in the neat statistical way familiar from standard modelling. The probabilities are uncertain, the intentions of other actors are not fully observable, and the political context can shift rapidly. That is why better metrics matter, but only as aids to judgment, not substitutes for it. The goal is not false precision. It is better structured decision-making under uncertainty.

Public goods, common costs, common funding

Economic security also has the characteristics of a European public good, or in some cases a club good. The benefits of resilience, deterrence and protection from coercion are shared broadly, but the costs are often concentrated. That creates a classic collective action problem. The EPC has argued that European public goods should be funded collectively, not through fragmented national measures, and that for club goods the rules of membership and cost-sharing must be explicit. The implication is clear: if economic security is treated as a common good, it also implies common costs and, to a significant extent, common funding.

This strengthens the case for a common approach over a fragmented one. Fragmentation can leave some member states or firms carrying disproportionate burdens, while others benefit indirectly. It can also produce internal distortions that weaken the very system Europe is trying to secure. By contrast, a common approach can reduce duplication, share burdens more fairly and create stronger incentives for collective investment. But again, it works if and only if those participating are equally committed to the underlying principles and willing to bear their share of the costs. Otherwise, fragmentation reappears through the back door.

The concept of an Economic Security Alliance (ESA) builds directly on this logic. It recognises that the effectiveness of a common approach depends not just on coordination, but on the depth of shared commitment among participants. An ESA would bring together countries that are sufficiently

like-minded – in both values and strategic outlook – to move beyond loose coordination towards genuine joint action: sharing risks, aligning instruments, coordinating responses to coercion and, where necessary, accepting mutual dependencies. This allows for deeper, more trusted openness within the alliance, while maintaining conditionality towards others. Crucially, it also addresses the problem of free riding by linking participation to clear commitments and burden-sharing. In a world of fragmented alignments, the ESA is therefore not simply another forum for cooperation. It is a mechanism to operationalise economic security among those willing and able to act together – turning shared principles into effective collective capability.⁶

From cost to competitiveness

Much of the current discussion focuses on the cost of economic security. That is understandable. Security is not free. Building resilience, diversifying suppliers, protecting infrastructure and maintaining strategic redundancy all carry costs.

But this is only part of the picture. A better understanding of the economics of economic security should also improve competitiveness over time. If risks are priced more intelligently, if contingencies are planned for earlier and if common approaches reduce duplication and leakage, Europe can manage the trade-offs more effectively. The EPC's recent work on security leakage pushes this logic further, arguing that trusted supply chains, secure infrastructure and predictable regulation are not just safeguards but economic assets, and that reliability and resilience can command a premium in a riskier world. That suggests economic security is not simply a cost to be absorbed. Properly designed, it can become part of Europe's competitive offer.⁷

What is truly critical

The next stage of the debate should not be another endless attempt to categorise ever more things as 'critical'. The more important task is to understand what is critical analytically: the economics of economic security itself.

The crucial question is how to generate economic knowledge and to operationalise it. Here, the Commission can play a crucial role, unconstrained, but potentially assisted, by member states and international partners.

By investing significant resources (in the short term) into a major research effort at the interface between academia and think tanks, alongside a pragmatic application roadmap, the necessary step change in thought leadership could be generated in a timely way.

That means accepting that this is not conventional economics. It means integrating strategy, game theory, political economy and forethought. It means building frameworks that can deal with contingencies, intentions, changing politics and unequal commitments. It means recognising that a common approach is more effective than a fragmented one only when it rests on genuinely shared principles and credible burden-sharing. And it means understanding that better management of costs and trade-offs is not only about reducing vulnerability, but also about strengthening Europe's long-term competitiveness.

In a world of conditional openness, contingent security and wicked trade-offs, that is what is truly critical.

¹ Zuleeg, Fabian (2023), *Economic security: A new EU paradigm?* Brussels: European Policy Centre.

² Ibid.

³ Zuleeg, Fabian (2025), *What does "like-mindedness" really mean?* EPC To the Point. Brussels: European Policy Centre.

⁴ Zuleeg, Fabian (2025), *The economics of economic security*. Brussels: European Policy Centre. See also: Riekeles, Georg, Paweł Świeboda and Varg Folkman (2025), *From firefighting to strategy: How the EU's new economic security doctrine can deliver*. Brussels: European Policy Centre.

⁵ Zuleeg, Fabian (2025), *The economics of economic security*.

⁶ Zuleeg, *Economic Security Alliance*, BESF Compendium, 2025.

⁷ Zuleeg, Fabian (2026), *The hidden cost of security leakage*. EPC To the Point. Brussels: European Policy Centre. See also: Folkman, Varg (2024), *Finding economic security through growth*. Brussels: European Policy Centre.