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The Carlyle Compass

By Jeff Currie

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*Welcome back to **The Carlyle Compass**, your weekly newsletter that brings together the latest research and market insights from our global team. This week's edition features guest author Jeff Currie, Chief Strategy Officer of Energy Pathways at Carlyle, and explores the shifting security landscape and why Europe will be the prime benefactor. [Download the full report, 'The New Martial Plan,' here](#). Received this email as a forward? [Subscribe here](#).*

Barrels, bombs and bonds. The global framework that was set in place at the end of World War II has been under increasing pressure for decades and is now breaking down. [The New Martial Plan](#) is about navigating the shifting security landscape and is the sequel to [The New Joule Order](#), which focused on the forces shaping energy markets.

Security in Europe is paramount. As the United States retreats from international cooperation, the world is getting more dangerous and more expensive. As Russia has become more aggressive, Europe is the region most exposed and vulnerable to this retreat and needs to invest immediately in defense. We believe we are beginning a structural capital rotation towards Europe, attracted by valuations, enabled by fiscal capacity, and compelled by strategic imperatives.

A European private capital renaissance. US private capital—venture capital and private equity—developed out of the US military-industrial complex, giving rise to Silicon Valley, the internet, and AI. Private capital is a highly effective vehicle to coordinate investment in essential public goods in partnership with governments. The direct investment in defense and adjacent infrastructure could approach an incremental €9tn over the next decade if all spending proposals under discussion were swiftly and fully realized. This is comparable to the China boom and the longer-term benefits could be even more significant.

[**DOWNLOAD THE FULL REPORT**](#)

JEFF CURRIE

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