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EUROPEAN REARMAMENT

SAFE: EU needs a strong defence, not a war economy.

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Europe has a security problem, and to deny this would be unrealistic. However, this does not mean that one must necessarily agree with the solution proposed by Brussels: a structural increase in military spending that would effectively cede further sovereignty to the European Union. This is based on the more or less explicit belief that the Russian Federation represents the main threat in the coming years.

Against this backdrop, the European Union has established SAFE (Security Action for Europe), a new financial instrument designed to strengthen defence. Approved by the EU Council in May 2025, SAFE makes up to €150 billion in long-term loans available to Member States. These funds will be raised by the EU on financial markets at prevailing interest rates, which are currently uncertain. For the first ten years, participating states will only have to bear the cost of interest. The amount will depend on the terms on which the EU is able to secure funding. After the first ten years and up to a maximum of forty-five years, the member states will also have to begin repaying the principal to the EU. Therefore, these are not grants, but new debts that the beneficiary Member States will have to finance and repay over time, placing an additional burden on future taxpayers. The use of these resources is not entirely at the discretion of the various governments, but largely 'conditional', i.e. subject to criteria determined by the European Commission.

SAFE is just one component of a broader plan: the Readiness 2030 programme (formerly ReArm Europe) aims to mobilise over €800 billion for defence through a combination of European loans, greater national fiscal flexibility, intervention by the European Investment Bank, and private capital. This represents a significant shift and raises the question of what kind of security Europe really needs.

It is true that Europe can no longer delegate its defence. For decades, Europeans spent relatively little on armaments because the United States was spending on their behalf. Since 1945, the American military umbrella, consolidated by NATO, has formed the cornerstone of Western security. After 1989–1991, during the so-called 'unipolar moment' dominated by the US, European governments reaped a further 'peace dividend', gradually reducing their armies, stockpiles, and military-industrial capabilities.

However, that world is rapidly drawing to a close, as we transition towards a chaotic and fluid multipolar order. The United States is bogged down in yet another war in the Middle East, but is strategically focusing on the Indo-Pacific region and its competition with China.

Europe is no longer a priority; in fact, the US National Security Strategy lists a Europe capable of taking greater responsibility for its own defence among its objectives. In this new geopolitical context, a continent of 450 million people with one of the world's largest economies can no longer permanently rely on a power situated on the other side of the Atlantic that has made it clear it wants to distance itself.

There is also a less geopolitical and more managerial problem: Europe already spends a great deal, but often unwisely. In 2024, the 27 EU member states allocated €343 billion to defence, which was a 19% increase on the previous year. For 2025, the estimate exceeds €380 billion. However, fragmentation across national programmes, incompatible weapons systems and separate procurement procedures lead to duplication and higher costs. According to the European Parliament, joint procurement between states remains below 20 per cent of the total. SAFE can play a meaningful role here by promoting joint procurement, interoperability, ammunition stockpiles, air defence, military mobility and cyber security. However, problems arise when European strategic autonomy and preparedness for war with Russia are treated as one and the same thing.

Is Russia really ready to invade Europe? The prevailing narrative within Euro-Atlantic institutions emphasises the Russian threat. NATO Secretary-General Mark Rutte has argued that Moscow could acquire the capability to use force against the Alliance within a few years. These warnings should not be dismissed; hybrid operations, cyber-attacks, acts of sabotage, and pressure on Eastern European and Baltic states cannot be ruled out entirely.

However, there is a vast gulf between the capacity to conduct hostile operations and the ability to unleash a conventional war against Europe as a whole. After four and a half years of conflict, Moscow is under enormous human and material strain. Since the invasion of Ukraine began in February 2022, independent estimates have put Russia's total losses at nearly 1.2 million, including the dead, wounded and missing. While the figures are uncertain in times of war, they nonetheless paint a picture of a gruelling conflict. Some analyses suggest that Moscow is managing to replace its current losses, but without any obvious scope to substantially increase the forces mobilised.

Added to this is the demographic factor, which is surprisingly rarely discussed. Russia has a vast territory, but a relatively small population of around 146 million, which is ageing and declining: around 30 per cent of the population was aged 55 or over in 2024 (compared with 21.1 per cent in 1990), and the fertility rate is around 1.4 children per woman. In the extreme scenario often cited, a Russia with a population smaller than that of Germany and France combined would have to occupy or pose a permanent threat to a European Union with roughly three times its population. While this scenario is possible in theory, it is quite different from claiming that it is likely. Prudence, an eminently political virtue, requires us to distinguish between threats and rank them in order of severity, without allowing ourselves to be dominated by abstract pacifism or irrational fear.

The risk facing Europe is shifting from 'green' to 'grey-green': a new 'Keynesianism in the military sphere' that not only serves to purchase weapons, but also explicitly aims to revitalise Europe's defence industrial base.

Now that the mirage of the energy transition has seriously undermined the stability and competitiveness of European industry — starting with Germany — there is a risk that, like the National Recovery and Resilience Plan (PNRR), military spending will be used to artificially prop up demand, employment and production. Public money never actually comes from nowhere: even when raised through debt, it must be repaid through taxes, cuts to alternative spending or reduced future growth. Ultimately, it is always the taxpayers who foot the bill.

There is also an obvious contradiction. Europe wants to become militarily autonomous, yet it has simultaneously weakened a fundamental component of its economic autonomy: a competitive energy supply. Following the invasion of Ukraine, Europe’s dependence on Russian gas imports has drastically reduced — from 45 per cent to 19 per cent — and Brussels aims to eliminate this entirely by 2027. Diversification is a reasonable objective; relying on a single supplier is always dangerous, particularly in the current geopolitical landscape. However, diversification does not mean sacrificing economic efficiency, nor does it mean replacing one dependency with a more costly one, such as reliance on US liquefied natural gas. A chemical, steel or engineering industry (particularly the automotive sector) does not become stronger simply because some of its plants are converted to military production if it loses competitiveness.

Security also encompasses food, energy and infrastructure. A nation is secure when it has credible armed forces, but also when it can produce energy, feed its population, defend its infrastructure and maintain an autonomous industrial base. For Europe, which is poor in raw materials and has a declining population, energy and food security are not secondary to military security; they are prerequisites.

Europe needs efficient armed forces, adequate stockpiles, air, cyber and satellite defences, border and infrastructure protection, and the ability to defend itself autonomously, in case the United States withdraws its support one day. However, it is also in need of abundant, competitively priced energy; productive agriculture; a manufacturing sector; families able to have children; and sustainable public finances. True strategic autonomy lies in maintaining all these elements.

Spending hundreds of billions on preparing for a hypothetical war while simultaneously weakening the energy, industrial and demographic foundations of European society would create a paradoxical situation: a Europe that is increasingly armed yet increasingly fragile economically and socially. A fragile society, however well-armed, can hardly be considered truly secure.