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## **POLICY COMPASS**

# **The Rhetoric of Rearmament: Balancing Geopolitical Ambition with Social Welfare in Europe**

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**25 June 2026**

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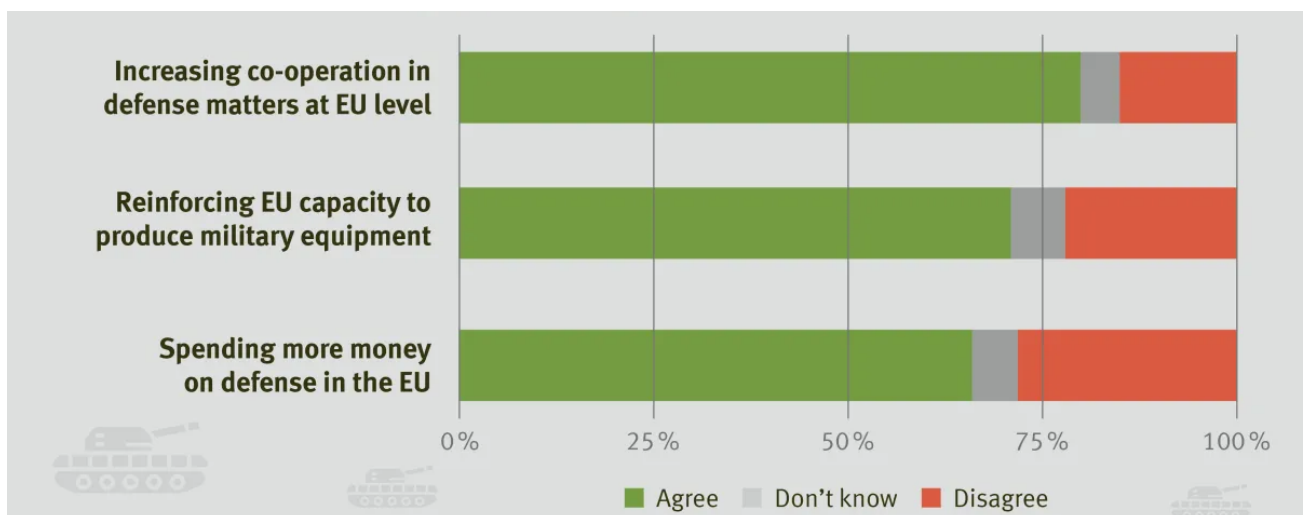
*The Rhetoric of Rearmament: Balancing Geopolitical Ambition with Social Welfare in Europe*

25 June 2026

**Executive Summary**

- ✦ European nations are adopting hawkish rhetoric regarding a shift to a war footing or strategic autonomy but have yet to translate these public warnings into concrete domestic preparation strategies for wider society.
- ✦ Prominent political and foreign affairs figures have openly criticised the British government for its corrosive complacency and its persistent failure to deliver a fully costed ten-year defence spending plan.
- ✦ The United Kingdom's 2025 Strategic Defence Review outlines a sweeping whole-of-society approach to resilience but leaves out crucial information regarding specific costs, timelines, and operational implementation details.
- ✦ Financing heightened national security targets forces European governments to make politically risky choices between expanding public debt, raising direct taxes, or implementing deep welfare cuts.
- ✦ A major paradox exists in European public opinion where over two-thirds of citizens acknowledge existential external threats yet over half believe current defense spending levels are already sufficient.
- ✦ Reallocating hundreds of billions of euros toward updated European defense frameworks risks alienating voters by potentially repurposing regional development, post-pandemic recovery, and social cohesion funds.

**Key Picture: Public Attitudes to EU Defence and Security Policy**



Source: [Quarterly](#)

## 1. The Fiscal Friction of Rearmament

### 1.1. Changing Security Architectures

Across the capitals of Western Europe, a distinct and hawkish vocabulary has taken hold. In London, ministers routinely declare that the nation must shift to a “war footing” to meet an era of radical uncertainty. Despite warning nearly a year ago that active preparation was necessary, the government has not yet published guidance on how society as a whole should prepare for the possibility of conflict. Discussions concerning homeland defence, national resilience, and preparedness are understood to be ongoing in private.<sup>1</sup>

Both George Robertson, a British politician who served as the 10th secretary general of NATO from 1999 to 2003, and Fiona Hill, a British-American foreign affairs advisor and former chief adviser to the White House on Russia, raised concerns about the prime minister’s “corrosive complacency”. Robertson has publicly expressed frustration over the government’s failure to present its 10-year defence spending plans following the publication of the Strategic Defence Review. He also accused “non-military experts in the Treasury” of “vandalism” and warned that “we cannot defend Britain with an ever-expanding welfare budget”.<sup>2</sup>

The European Parliament echoes with discussions on “strategic autonomy, competitiveness, and supply chain resilience”.<sup>3</sup> The institutional alignment seems absolute: at the NATO Hague Summit, allies pledged to fundamentally rethink their national security architectures, establishing ambitious spending trajectories aimed at dedicating up to 5% of GDP to core defence and broader national resilience by 2035.<sup>4</sup>

### 1.2. The Cost of Defence

European governments face a significant budgetary dilemma as they strive to meet heightened NATO defence targets in response to geopolitical threats. To finance these investments, countries must choose between increasing public debt, raising taxes, or cutting welfare expenditures - all of which carry political risks. While borrowing offers a short-term cushion, it merely delays future tax hikes or spending cuts. Meanwhile, direct measures like the Netherlands’ proposed “freedom contribution” or Estonia’s restructured defence taxes face steep public resistance, particularly because Eurobarometer data shows a majority of citizens believe their countries already invest enough in defence.<sup>5</sup>

Furthermore, while the European Commission and European Central Bank forecast modest GDP growth from increased defence spending, country-specific studies, such as one from the Netherlands Bureau for Economic Policy Analysis, indicate the local economic growth effect is likely close to zero, rendering the financial justification highly complex for individual governments.<sup>6</sup>

### 1.3. The UK’s Defence Deficit: High Ambition, Low Investment

The United Kingdom serves as a case study in the structural friction of military modernisation. The 2025 Strategic Defence Review (SDR) was known as the most sweeping overhaul of the British state’s defence posture in a generation.<sup>7</sup> It outlined a “whole-of-society” approach to national security, emphasising not just frontline military hardware, but the systematic fortification of civil infrastructure - from cyber-resilience to food and water supply chains.<sup>8</sup>

However, the implementation of the 2025 Strategic Defence Review has exposed a disconnect between strategic ambition and fiscal honesty. The funding model for the UK’s expanded defence ambitions relies heavily on an assumption that the Ministry of Defence can unlock nearly £6 billion in efficiency and productivity savings over the parliamentary term.<sup>9</sup> However, historical precedence offers little assurance that these bureaucratic savings will materialise. Instead, they often mask structural deficits that ultimately force the cancellation or delay of core capabilities.<sup>10</sup>

While the 2025 Strategic Defence Review outlined grand military ambitions, it purposefully omitted specific costs, timelines, and implementation details, rendering it a mere shopping list rather than an actionable

roadmap. Government justifications that the delay ensures they “get it right” could potentially be caused by an underlying crisis regarding affordability, amid reports that the military requires an additional £28 billion over four years just to make the plan viable. Meanwhile, this prolonged hesitation directly contradicts the state’s increasingly urgent warnings about global security threats.<sup>11</sup>

#### 1.4. Military Budgeting vs Social Welfare: A Political Conflict

The European Union faces an identical dilemma, amplified by the rigid fiscal constraints of the eurozone. In response to the persistent threat, the EU has introduced aggressive financial mechanisms designed to bypass traditional budgetary inertia. In 2025, the European Commission launched the Security Action for Europe (SAFE) loan program, a €150 billion initiative running until 2030, allowing member states to borrow long-term funds specifically for investments in defence capabilities.<sup>12</sup>

However, these top-down solutions are failing to insulate national governments from intense domestic political blowback. The classic macroeconomic trade-off between “guns and butter” has returned to the center of European electoral politics. European leaders are in a difficult position, as they must increase military funding while simultaneously managing public communication to maintain popular support. European policymakers face a growing challenge in sustaining long-term defense spending as public complacency threatens to return if a ceasefire in Ukraine occurs alongside general acceptance of an unreliable Trump administration. National leaders often hesitate to advocate for military investments due to the popular narrative that increasing defence budgets requires stripping funds from the welfare state.<sup>13</sup>

In addition, data from the 2026 Eurobarometer highlights a profound paradox in European public opinion: while over two-thirds of EU citizens acknowledge that their nations face severe, existential external threats, 56% believe their governments are already investing enough or more than enough in defence. Only a minority of 34% support expanding defense budgets further.<sup>14</sup>

Indeed, attempts by member states to establish dedicated revenue streams have met with immediate resistance. For instance, early experiments with framing income tax and VAT hikes as a universal “defence tax” sparked widespread public anger, forcing coalitions to abandon corporate tax exemptions and scrap uniform burden-sharing models.<sup>15</sup> As such, defence ministers must meet collective security targets to maintain international credibility, yet they cannot cut domestic social safety nets without triggering a populist backlash that could destabilise their governing coalitions.

Countries like France, Italy, and Spain understandably resist defense plans that worsen their high national debts or disproportionately benefit foreign industries.<sup>16</sup> For a European re-armament effort to succeed, the European Union and its member institutions must establish the necessary financial frameworks to make these defense investments economically viable and sustainable for every capital. Only by addressing these legitimate domestic economic concerns can leaders credibly convince their publics to support increased military spending over the long term.<sup>17</sup>

## 2. The Public Limits of Democratic Tolerance

It is evident that a major transformation is taking place within the European Union's political and financial landscape. Under the newly rebranded "Readiness 2030" initiative (formerly ReArm Europe), the EU plans to allocate approximately €800 billion toward defense spending over the upcoming five years. While nations like Germany, Poland, and the Baltic states are aggressively championing this militarised direction, the sudden focus on defense is sparking widespread concern. Critics and observers are increasingly worried that this budgetary

reallocation will come at the expense of Europe's historic dedication to social welfare, regional integration, and cohesion programs.<sup>18</sup>

Despite official assurances from several governments that social welfare spending is secure, indications are already surfacing that regional development and post-pandemic recovery funds may be repurposed for military initiatives, threatening to sideline critical social agendas once again. Reconciling defence spending with social welfare demands deliberate and strategic policy decisions. By implementing collaborative purchasing agreements, tighter EU-wide coordination, and rigorous social impact assessments, policymakers can prevent defence objectives from undermining social programs. To alleviate the strain on national budgets, several solutions have emerged. One approach involves introducing new EU-level funding streams, such as digital or environmental taxation, which would help offset the growing financial burden on individual member states. Alternatively, some experts argue for the implementation of strict social conditionalities, which would impose rigorous criteria on public funding to guarantee that military investments simultaneously foster security and social inclusion.<sup>19</sup>

Ultimately, the tension between defence spending and social cohesion remains a profound political dilemma rather than a simple budgetary calculation. Sacrificing European social welfare for geopolitical necessity risks alienating the public and undermining internal stability in the pursuit of external security. Avoiding this self-defeating outcome depends on rejecting the false dichotomy between safety and welfare. European resilience relies on hardwiring defence integration with social safeguards, thereby transforming a geopolitical crisis into an opportunity to reinforce both collective security and democratic solidarity.

## NOTES

<sup>1</sup> Deborah Haynes, “Government fails to tell public how to prepare for war almost a year after warning of the threat”, Sky News, accessed 15 June 2026, <https://news.sky.com/story/government-fails-to-tell-public-how-to-prepare-for-war-almost-a-year-after-warning-of-the-threat-13547772>.

<sup>2</sup> Daniel Boffey, “‘Bizarre’ lack of urgency in putting UK on war footing, says defence review co-author”, *The Guardian*, accessed 15 June 2026, <https://www.theguardian.com/politics/2026/apr/14/uk-war-footing-defence-review-fiona-hill>.

<sup>3</sup> European Parliament, “List of publications from the EP Think Tank”, accessed 15 June 2026, <https://www.europarl.europa.eu/thinktank/en/home>.

<sup>4</sup> NATO, “Defence expenditures and NATO’s 5% commitment”, accessed 15 June 2026, <https://www.nato.int/en/what-we-do/introduction-to-nato/defence-expenditures-and-natos-5-commitment>.

<sup>5</sup> Balázs Gyimesi, “Who Will Pay the Cost of Freedom in Europe?”, accessed 15 June 2026, <https://www.rusi.org/explore-our-research/publications/commentary/who-will-pay-cost-freedom-europe>.

<sup>6</sup> Ibid.

<sup>7</sup> Royal Aeronautic Society, “From Strategy to Stall? The UK’s Strategic Defence Review and the Emerging Implementation Gap”, accessed 15 June 2026, <https://www.aerosociety.com/news/from-strategy-to-stall-the-uk-s-strategic-defence-review-and-the-emerging-implementation-gap/>.

<sup>8</sup> Ministry of Defence. “The Strategic Defence Review 2025 - Making Britain Safer: secure at home, strong abroad”, accessed 15 June 2026, <https://www.gov.uk/government/publications/the-strategic-defence-review-2025-making-britain-safer-secure-at-home-strong-abroad>.

<sup>9</sup> Jamie Gaskarth, “Will the UK’s Defence Investment Plan finally be honest about Britain’s defence?”, Chatham House, accessed 15 June 2026, <https://www.chathamhouse.org/2026/06/will-uks-defence-investment-plan-finally-be-honest-about-britains-defence>.

<sup>10</sup> Laurence Thomson, “Reforming Defence: Lessons from the UK Defence Restructuring History”, RUSI, accessed 15 June 2026, <https://www.rusi.org/explore-our-research/publications/commentary/reforming-defence-lessons-uk-defence-restructuring-history>.

<sup>11</sup> Matthew Savill, “The Curious Case of the Delayed Investment Plan”, RUSI, accessed 15 June 2026, <https://www.rusi.org/explore-our-research/publications/commentary/curious-case-delayed-investment-plan>.

<sup>12</sup> European Commission, “Security Action for Europe: SAFE”, accessed 15 June 2026, [https://defence-industry-space.ec.europa.eu/eu-defence-industry/safe-security-action-europe\\_en](https://defence-industry-space.ec.europa.eu/eu-defence-industry/safe-security-action-europe_en).

<sup>13</sup> Marta Prochwicz Jazowska and Paweł Zerka, “Guns and butter: How to keep Europeans on board with higher defence spending”, European Council on Foreign Relations, accessed 15 June 2025, <https://ecfr.eu/article/guns-and-butter-how-to-keep-europeans-on-board-with-higher-defence-spending/>.

<sup>14</sup> Balázs Gyimesi, “Who Will Pay the Cost of Freedom in Europe?”.

<sup>15</sup> “Estonia abolishes temporary defense tax, increases several tax rates”, EY, accessed 15 June 2026, [https://www.ey.com/en\\_gl/technical/tax-alerts/estonia-abolishes-temporary-defense-tax-increases-several-tax-rates](https://www.ey.com/en_gl/technical/tax-alerts/estonia-abolishes-temporary-defense-tax-increases-several-tax-rates).

<sup>16</sup> “Southern Europe rebuffs von der Leyen’s debt-based defense plan”, Politico, accessed 15 June 2026, <https://www.politico.eu/article/southern-europe-ursula-von-der-leyen-defense-plan-debt-france-italy-spain/>.

<sup>17</sup> Marta Prochwicz Jazowska and Paweł Zerka, “Guns and butter: How to keep Europeans on board with higher defence spending”, European Council on Foreign Relations.

<sup>18</sup> Rebecca Arnieri, “Welfare or Warfare? Europe’s New Budgetary Battlefield”, Fondazione Giangiacomo Feltrinelli, accessed 15 June 2026, <https://fondazionefeltrinelli.it/en/scopri/welfare-or-warfare/>.

<sup>19</sup> Ibid.