

# **About the Article**

Europe may be rearming for the future—but in doing so, is it dismantling the very fabric of its societies? Martin Indjov critiques the growing trend of slashing social benefits to fund rising defence budgets across the continent. Drawing on historical analogies and current policy proposals, he warns that sacrificing social cohesion for military spending risks fuelling inequality, weakening democratic resilience, and empowering populist backlash—undermining the very security such rearmament seeks to protect.

## **About the Author**



Martin Indjov is a student of International Relations and Organisations at Leiden University with broad knowledge of the international political environment. His interests focus on economics and international relations in Europe and Eurasia. Passionate about improving people's lives, Martin is eager to join EPIS and contribute to its mission.

### 1. New realities

around 5 a.m. local time the first explosions were reported all across Ukraine (Sheftalovich, 2022). Europe woke up to a new reality: war on the continent has re-emerged. What followed was in many ways unprecedented. Political leaders met in emergency meetings after emergency meetings to try and find an appropriate and unified response. On TV channels across Europe, numerous talk show specials aired, and military experts provided the public with their analysis. The topic of national defence turned from negligible to taking centre stage. Political leaders used that stage to emphasise the necessity of national defence and the subsequent need for large-scale investments and reforms within national militaries (Zandee, 2024). The details of such proposals differ. From those who think minor reforms will be sufficient, to those who envision a European army to defend all EU states among which most prominently French President Macron can be found (Bergmann, 2025). There is unanimous agreement that the military threat posed by Russia has been the greatest in recent memory (Jones, 2025). Therefore, to ensure national safety, reforms and investments are essential to guarantee the safety and well-being of citizens. This essay argues that while such proposals may very well be appropriate in light of recent global developments, they should under

no circumstances be done in a way that undermines the foundation of our safety and prosperity.

## 2. National defence at a cost

Military reforms come at a cost. In this essay, I will lay out why contemporary military rearmament and the gutting of social benefit systems which occur to enable it will not create safety and security. The societal situation created by such policies will push people to the right-wing populists. But it does not have to be that way, there are ways to address our security needs while uplifting society. Why would large-scale military rearmament lead to the gutting of social benefits? The answer is an old economic concept which sees new-found popularity: Guns versus Butter. The concept was coined in the early to mid-20th century when the decision had to be made whether to prioritise the production of war materials or to spend the money on social needs (Mintz, 1989). As a consequence, the two were seen in direct conflict within a government's budget. An increase in spending for one leads to a decrease in spending for the other. Helpful for the content of this essay is the following graphic depicting spending trends on national defence with an assessment of future needed spending (Richter, 2025).

# EU needs to Ramp Up Defense Spending to Deter Russia Alone

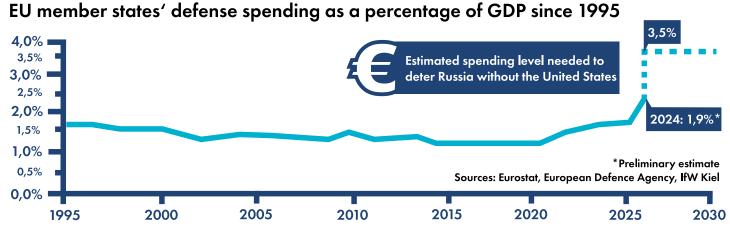


Figure 1: TEU member states' defence spending as percentage of GDP including estimated spending needed to deter Russia without the US. Source: Statista, https://www.statista.com/chart/34052/eu-defense-spending-as-a-share-of-gdp/

## 3. Proposed financing

In December 2024 NATO General Secretary Mark Rutte expressed what he deemed necessary to ensure Europe's safety. He suggested slashing spending on social benefits dramatically to save money that could then be spent on the military (Posaner & Griera, 2025). The logic in his argument is exactly that of the Guns versus Butter approach. Crucially he is not alone in thinking like this. Former Belgian Prime Minister Alexander de Croo said that it is "logical" to cut unemployment and other benefits in order to meet the (former) 2% NATO spending target (Carolan, 2024). Similar suggestions come from Labour Prime Minister Keir Starmer (Dickson & Bloom, 2025). While many are still in the "figuring it out" phase about how to raise military spending, like Emmanuel Macron who seems to favour cuts to social spending (Goury-Laffont et al., 2025). Others, like the Danish government or current Belgian Prime Minister De Wever, have already enacted such measures by eliminating a public holiday and reducing unemployment benefits respectively (Clapson, 2025; Wright, 2023). Why should this be a big issue? After all, the money has to come from somewhere right? Yes, Europe needs to rethink its approach to security. Russia, and to a smaller extent other authoritarian regimes, pose a digital but also increasingly physical threat to the

safety and cohesion within European societies, and there is widespread agreement that this will cost a lot of money. But will shifting funds away from social benefits towards military expenditure help address these issues? No.

## 4. The consequences

In light of the post-Covid recession and inflation, the economic situation worsened dramatically for many citizens. In Germany, a country considered to be rich, 40% do not have any savings whatsoever (Fratzscher, 2017). And this is not a country-specific issue. Almost a third of EU households report that they are unable to cover unexpected financial expenses, and almost 10% of households are unable to warm their homes adequately (Directorate-General for Employment, Social Affairs and Inclusion, 2023). The details for financial distress that are discussed in the report by the Directorate-General are in the graphic below. Further according to an Ipsos poll, almost 50% of households "consider that there is a significant risk that they will find themselves in a precarious situation in the next few months" (Mercier, 2023). 62% of respondents have already had to restrict their travels, while 37% reported that they had a health problem for which they had to give up the treatment because it was too expensive (Mercier, 2023).

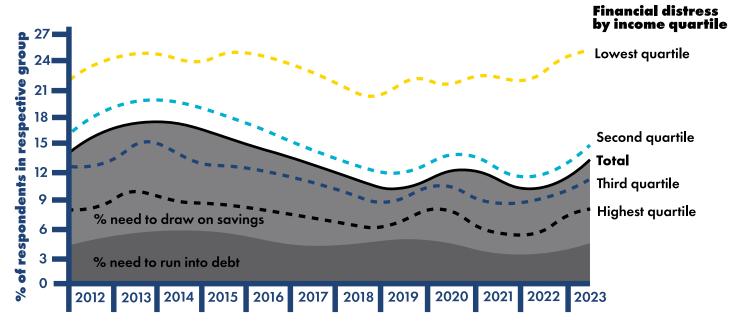


Figure 2:Reported financial distress by income quartile, 2012-2022, EU Source: ESDE Review 2023, https://op.europa.eu/webpub/empl/esde-2023/chapters/chapter-1-4-1.html

These economic struggles translate quickly into social problems, as poorer people tend to be less engaged with society and also less attached to it. Someone who struggles financially will have fewer opportunities to meet with others, thereby they are more likely to feel isolated (Schulz, 2023). This makes them more susceptible to propaganda campaigns and more likely to adopt resentful opinions. Additionally, they become more desperate to find a way out of poverty, one of the ways in which this manifests is the increased likelihood to gamble (Grönroos et al., 2022). In the context of national defence, it means that they are less likely to stand up or even fight for their country, as they have practically nothing to fight for. This is a vulnerability that foreign actors like Russia know all too well how to exploit and use for their purposes. The consequences that these social benefit-cutting policies have will only fuel societal inequality and be counterproductive to the goal of national defence. It is not lost on people when the government burdens working-class people more and more through measures like increasing taxes or eliminating public holidays (Wright, 2023). As mentioned above people have real struggles and worries and how do

governments plan to respond? By punishing and taking away from those that have next to nothing. At least that is

Guns vs. Butter: the trade-off between a nation's investment in defence and civilian goods

what the proposed spending cuts will do. By cutting more strings of the net that are the social benefits, people who rely on it to barely make it to the next month will face struggles which are unworthy of a continent as rich as Europe. Cutting retirement benefits will not yield any positive results, it will merely lead to more elderly slipping into poverty in their last years (Schulz, 2023). Cutting unemployment benefits will not motivate people to start working. It will make people accept even the most disrespectful employment contracts from their employers with the worst conditions possible because they know that if they do not accept a much harsher punishment will wait for them; poverty, with no support structure to uplift them (Ernst, 2015). The only thing that people get is the occasional speech saying that they are not forgotten. But words do not pay

the rent or the groceries. And while devastating cuts are taking place governments spend millions upon millions into the defence industry to acquire the newest fighter jet or the newest machine gun. The message that people receive from this is: You are not a priority to us. This makes people vulnerable to populists who will give them what they are missing: attention. They tell people to vote for them to pay it back to the government for mistreating them so badly and that once they are in power everything will be better. And many people believe them, they believe them because they want to, because they have nothing else left.

#### 5. What are the alternatives?

But it does not have to be this way. There are ways to address the present security needs without sacrificing social cohesion. One way of doing so is to be more active diplomatically. The most effective and lasting agreements are those that are just and fair. It becomes impossible to establish such agreements if dialogue is abandoned. However, it must be acknowledged that diplomacy will only

get us so far. Increasing military spending may be adequate as there is a clear need for many European arm-

ies to modernise. This need for modernisation extends to many parts of our society and economy. However, only spending money on defence will not be very effective in the long run. To ensure stable national defence, societal cohesion must be ensured (Aall & Crocker, 2019). This is most effectively done by uplifting those at the bottom of our society to decrease income and wealth inequality. This can and must be done via a more active social policy approach, and there are many ways to achieve this. Many people are struggling with housing. A more active social state should take a more central role in constructing affordable housing and not just delegate this responsibility. Further, many people feel like their hard work is not paying off, and that's because it isn't. Taxes on work are comparatively high in many European states. Things must

be changed if people should regain trust in the system and in the promise that hard work pays off. Changing taxing approaches to benefit working people while reducing the disparities that inheritance can create will ensure that people feel that they are part of one single society and not that there is a society for the common people and the super-rich. If people are given the tools to uplift themselves and those dear to them, they will stick together (Aall & Crocker, 2019). They will fight for the safety of the coun-

try and society because they have something to fight for. Instead of saving money where possible, governments

Social Cohesion: The strength of relationships and a sense of solidarity among members of a society

should invest massively into the future, and to ensure lasting prosperity. Investments cost money, and that money must come from somewhere. Debt is historically seen as a bad thing for countries and many will argue that it leaves an unfair burden on the next generation. But these sentiments are misguided. Governments have been "indebted" for centuries, and yet they have progressed. History teaches us that debt is not necessarily holding us back, it can be used to propel progress and bring lasting prosperity (Bignon & Sicsic, 2020). Using debt as a means to finance investments has never been easier thanks to the ECB

and its multinational mandate. If we stop investing in our society, in our future, and yes that includes our national defence, we will leave behind a much bigger burden, the burden of an outdated economy, a divided society which is incapable of defending our values and freedoms. There is a great threat looming over Europe. Hostile actors from the outside and within are posing a great digital and physical threat to our way of life. European leaders want to answer this by cutting social benefits to fund military

rearmament. This is reckless as many citizens are already struggling and burdening them further risks tearing us

apart. Disregarding the poorest in our society for the newest military technology will make them more vulnerable to populists and other outside actors who fill them with hate while promising them the world. We need to rethink our financial priorities and support those in need. And we have the tools to advance and modernise our defence, society, economy, and the European Union as a whole. After all, having the newest tanks is worthless if no one is willing to drive them. A society that uplifts each other, that trusts each other and that fights for each other will truly ensure lasting national security and well-being.

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