



Wilfried  
**Martens Centre**  
for European Studies

# Freedom Must Be Better Armed Than Tyranny

Boosting Research and Industrial  
Capacity for European Defence

**Garvan Walshe**



## Summary

November 2023

The Russian state is a threat to freedom in Europe and the integrity of the EU. Since 1945 we have relied on the United States to protect freedom on our continent. While it is to be hoped the US will be able to stay involved in the most successful democratic alliance in history, the risk of conflict in Asia, a return to isolationism, or the re-election of Donald Trump is too high for the EU not to develop a defence industrial and technological base (DITB) able to supply Europe's defence on its own. Such a renewed DITB will furthermore be able to contribute to the collective defence of democracy across the globe and support our friends and allies in the United States and democratic Asia. In the worst case it will allow Europe to defend itself from Russian aggression alone. In the best circumstances it will strengthen the international community of democracies.

This paper finds that developing such capability is well within the capacity of the EU and its member states and proposes a series of measures by which it can be financed. It analyses the composition of the defence budgets of EDA members between 2017 and 2021, and assesses their levels of defence investment, research and development, and "research and technology" (R&T - fundamental technological research that is itself an input to R&D). It identifies gaps and recommends EU policies and instruments to close them.

**Keywords** EU – Ukraine War – Russia – Foreign Policy – Transatlantic Relations – NATO – Defence – Industry – R&D – Military Spending



# Findings

The analysis concludes that

1. European Defence Equipment, R&D and R&T budgets are too small, particularly in countries most at risk from Russian aggression, and that many of these countries have ordered off-the-shelf at the expense of their own R&D and equipment production sectors.
2. Even if the overall EDA-26 defence budget is not allowed to grow, rebalancing its components to reasonable ratios would require extra defence investment of €18 billion, and increase in R&D of €3.6 billion and additional R&T of €199 million each year.
3. Increasing the EDA-26 defence budget size to 2% of GDP would entail extra defence investment of €34 billion, further R&D of €7 billion and additional R&T of €857 million each year. (Total defence spending would rise from €180 billion to €263 billion per year)
4. A group of “Core Hawk” member states that see Russia as an existential threat, and have political systems resilient to Russian propaganda and strategic corruption spend 12% of the total EDA-26 defence budget and 16% of the equipment budget but just 4% of the R&D and 9% of the R&T. The EU can develop funding instruments to support them upgrading their defence industry and technological base.

# Recommendations

(R1) Create a single market in defence equipment and ammunition to allow the automatic re-export of equipment and ammunition by all EU member states as long as it is in line with the CFSP.

(R2) Increase the size of the EDF and focus it on R&T. Seek to integrate it better with Horizon funding for dual-use research.

(R3) Use elements of the existing Cohesion, Resilience and Values fund to stimulate technological convergence with defence applications, thereby supporting R&D, particularly in the CEE region.



(R4) Include a specific instrument to facilitate convergence in technologies between defence applications in the next MFF or in the review of the current MFF. A relatively small fund of, €2-€3 billion per year (€14-€21 billion over the MFF cycle) would be able to close important regional disparities.

(R5) Use Article 122 TFEU to extend a financial guarantee to member states under threat from Russia to allow them to borrow at Union rates to re-quip their armed forces.

(R6) Replace the European Peace Facility with a 'European Strategic Defence Fund' that would expand the EPF's mission of current procurement support to include development of strategic enablers that would be shared between EU member states (and possibly third country allies). This could provide for air defence, airlift and refuelling, deep strike equipment, C4ISR and other shared capability.

## Strategic Assessment

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“Freedom”, demanded Volodymyr Zelenskyy in in one of his early appeals to the West for support in his people’s fight against Russia, “must be better armed than tyranny.” Ukraine is fighting against an aggressor that would extinguish its freedom, eliminate its elites and institutions, exterminate all opposition, and wipe out its culture.<sup>1</sup> The massacres at Bucha and elsewhere, the systematic “filtration” of ordinary Ukrainians in Russia-occupied territory, the campaign of extermination against Mariupol, and the publicised mass kidnapping of children (for which Putin has been indicted by the International Criminal Court) leave no doubt about the fate awaiting Ukrainians in Kyiv, Kharkiv or Odesa had Ukraine not fought so bravely and well. That fate could still await them if the West does not maintain its support for Ukraine’s war of survival, and could lie in store for citizens of several EU member states if Russia concludes that aggression pays.

## Russia: a Structural Threat

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Putin sits atop a regime of staggering evil but it is not limited to himself alone. His rule is the outcome of a power struggle in 1990s Russia from which the hard men of the Soviet security services emerged victorious. Their methods

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<sup>1</sup> 'Ukraine Crisis: Russian News Agency deletes victory editorial', *BBC News*, 28 February 2022 <https://www.bbc.com/news/technology-60562240>



were honed in the Second Chechen War and are now being applied in their full horror on the territory of a European democracy and EU candidate state. If Hannah Arendt once described totalitarianism as applying the tactics of imperialist colonialism to one's own people,<sup>2</sup> this regime elevates the practices of the Russian police into a principle of foreign policy.

Moscow's objects to the international order established after the collapse of the USSR. Though Russia claims to be defending itself against NATO "expansion" what it really objects to is its former colonies' embrace of freedom. The decline of the West's ability to protect them has emboldened Russia and allowed Putin to go further and shatter the post-1945 peace between European states. Its restoration requires not only Ukraine's survival but the recovery of all its territory and Russia's defeat. The price of invading its neighbours needs to be raised sky high so that Russia will never think of doing it again.

## Strategic Autonomy as Insurance

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European democracy survived the 20th century thanks to the United State, but growing isolationism at home and competition from China abroad are causing Americans to question whether they will be able to support us in the 21st. Even in the most optimistic scenarios for the near future, a rising China will force the United States to spend more resources in Asia. Notwithstanding huge cultural exchange, and deep trade and foreign investment ties with Europe, Americans are, quite reasonably, asking the wealthy technologically advanced Europeans to do more for their own security.

A less hopeful outcome would be the return of American weakness and isolationism, either through the re-election of Trump or a perhaps less destructive but still inward-looking successor – which would leave us on our own against Russia.

Though it is scarcely as strong as the USSR was, Russia still poses Europe a collective action problem: it commands enough resources dedicated to military power and foreign subversion to give even the largest single European countries pause but is far too poor and weak to threaten us if we stick together or have the United States on our side. This fact interacts with the long-standing European

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<sup>2</sup> Arendt, Hannah *The Origins of Totalitarianism*, New York: Schocken, 1961, pp. 164-165



debate about ‘strategic autonomy’, a concept susceptible to two interpretations. One, retro-gaullist, sees Europe as a “third pole” equidistant between the United States and its adversaries,<sup>3</sup> the other is as an insurance policy.

The countries most threatened by Russian aggression are alarmed by equidistance. They do not trust major West European powers, and in particular France and Germany, to help them fast enough or allow them to defend themselves fully against Russia. These fears prevent strategic autonomy working as an insurance policy: this paper shows how they can be allayed and estimates how much this insurance policy would cost.

## Spending Gap Assessment

Many European states do not meet the NATO target of 2% of GDP to be spent on defence, but is not enough to consider the size of the budget alone. A Europe able to defend itself in the long run needs to build a sustainable defence sector that can compete in the Western (and therefore the global) defence industry.

Though the EU has yet to avail of the formal supranational defence competence granted by Art 2 TFEU, it has, since February 24th last year become surprisingly effective at funding defence related expenditure, whether through inter-governmental instruments such as the European Peace Facility or proposed ‘industrial competitiveness’ measures under Art 173 (including the recently adopted EDIRPA and the forthcoming ASAP initiatives). Its potential to support the defence industry in the long term is far greater.

There is a widespread myth that EU funding cannot be used for military equipment. It is based on a legal opinion obtained by the Left political group<sup>4</sup> that successfully persuaded the commission to limit the legal base on which the EDF was built to promoting competitiveness in the defence industry. This opinion does not tell the whole story.

Article 41(2) TEU does preclude “expenditure arising from operations having military or defence implications” from being charged to the Union budget and

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<sup>3</sup> Emmanuel Macron, ‘L’autonomie stratégique doit être le combat de l’Europe’, interview with *Les Echos*, 14 April 2023.

<sup>4</sup> Legal Issues Relating to the Establishment of a European Defence Fund (EDF), 30 November 2018, [https://left.eu/content/uploads/2019/01/EVF\\_Gutachten\\_EN.pdf](https://left.eu/content/uploads/2019/01/EVF_Gutachten_EN.pdf)



administered by the Commission. But the treaties establish a different procedure for authorising it. Under Article 31(1) TEU States may opt out of paying for military and defence expenditure, causing liability to pay to be reallocated among the states that do not opt out. Secondly, the expenditure is to be administered under the authority of the High Representative for Foreign Policy, and thus the EEAS, rather than the Commission and the normal Multiannual Financial Framework. There is nothing to stop the Council authorising a defence budget administered by the HR/VP and no limit on its size.<sup>5</sup> This budget would have to be approved unanimously, but the same is true of the MFF.

## Elements of “Defence Capital”

A country’s defence expenditure consists in a lot more than weapons and ammunition. Even in peacetime, service personnel must be paid and fed, barracks and other accommodation provided, and continuous training missions carried out to ensure their skills do not degrade. Active operations are usually budgeted separately from the peacetime defence establishment and only a proportion of total defence expenditure can properly be called equipment spend, or ‘investment’ (in the EDA’s terminology). This investment can be further divided by the time it is supposed to bear fruit. The largest portion is spent on contracts to supply actual equipment, but some is also allocated to “research and development” (the development of future equipment) and “research and technology” (R&T; research into fundamental technologies), that will feed into the R&D projects of the future. Getting the balance between these three levels of “defence capital” right is essential for the maintenance of a defence industrial base that can equip our armed forces with what they need to meet threats of the future. While it can be tempting to buy off the shelf (e.g. from the United States) failure to invest in sufficient R&D can leave our defence industrial base exposed or force us to choose types of equipment designed for their missions rather than ours. Conversely, too high a level of R&D and insufficient off-the shelf purchasing from allies can result in needless duplication and higher costs

<sup>5</sup> The treaties confer the necessary competence on the EU. The Treaty on the Functioning of the European Union Article 2(4) is clear:

The Union shall have competence, in accordance with the provisions of the Treaty on European Union, to define and implement a common foreign and security policy, including the progressive framing of a common defence policy”



# Rebalancing and Rescaling Defence Budgets

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Choosing exact proportions of investment in equipment, R&D and R&T needed to sustain a high technology defence industrial base is an art. Involving technologically advanced allies, such as the US, France or the UK in one's defence is important for building up diplomatic relationships. Yet, it is far from clear that the use of an ally's equipment creates sufficient 'buy-in' by the ally. Ordering equipment on its own outside other credible alliance structures risks creating dependence on the ally's view of the situation, which may not be the same as one's own (as numerous East European countries, keen to transfer Leopard tanks to Ukraine found). To avoid this in the future, this paper recommends:

(R1) Create a single market in defence equipment and ammunition to allow the automatic re-export of equipment and ammunition by all EU member states as long as it is in line with the CFSP

How much investment is needed to sustain a modern defence industry? Even well-equipped countries like France have recently dramatically increased their defence equipment budgets, indicating the 2017-2020 French level of defence investment, at 14%, is too low. The state of the Bundeswehr confirms that Germany's 11% is also too low to maintain forces capable of meeting their obligations. Poland and Sweden, in contrast, both of which considered themselves under Russian threat since the occupation of Crimea in 2014, maintained an average equipment spend of 25% but organised differently. France chose to economise on actual equipment spending but maintain an extremely high (72%) ratio of R&D to defence investment spending whereas Sweden cut its R&D to 6% of its defence investment, despite having a successful indigenous defence industry that could benefit from it. Therefore we will adopt the rule of thumb that R&D should be at least 20% of investment, and that R&T should be 20% of R&D.<sup>6</sup> As far as the entire EDA is concerned, we provide simulations for total defence expenditure of 1.5%, 2% and 2.5% of GDP. Obviously certain countries will struggle to even reach 1.5% in the near future while other states that feel particularly threatened, such as Poland, have made plans to grow defence spending until it reaches 3% of national income.<sup>7</sup>

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<sup>6</sup> The software on which model is based allows these figures to be changed and multiple scenarios run as necessary.

<sup>7</sup> The full tables from this central simulation are presented as an appendix and will be made available on the Martens Centre Website.



# Overall EDA Situation

At first glance, the overall EDA 26 balance of defence expenditure does not appear too unreasonable. The average investment ratio is 17%, R&D 20% and R&T a healthy 28%. This however conceals major regional variation and the total figures, and, at 1.37% of GDP, the budgets are far too small for today's dangerous security environment. Our model makes two types of calculation: 'rebalancing' which identifies the amounts of money needed to target specific ratios of R&T, R&D and defence investment; and 'rescaling' which targets specific percentages of GDP while keeping the composition the same.<sup>8</sup>

## EDA-26 Tables

### Rebalancing Ratios

	Item	Ratio
0	Investment/Expenditure	25
1	R&D/Investment	20
2	R&D/R&T	20

<sup>8</sup> Full details of the methodology can be found on the Martens Centre website.





## Budget will be rescaled to 1.5%, 2.0%, 2.5%

### Average Budget 2017-2020

	Item	Value	Ratio	Of
0	Average Defence Budget	180 bn	1.4	% GDP
1	Defence Investment	31 bn	17.3	% Expenditure
2	R&D	6,3 bn	20.0	% Investment
3	R&T	1,8 bn	28.3	% R&D

### Rebalanced Budget Projection

	Item	Value	Ratio	Of
0	Average Defence Budget	180 bn	1.4	% GDP
1	Defence Investment	45 bn	25.0	% Expenditure
2	R&D	9 bn	20.0	% Investment
3	R&T	1,8 bn	20.0	% R&D

### *Changes needed to rebalance*

	Item	Value
0	Average Defence Budget	0
1	Defence Investment	13,8 bn
2	R&D	2,8 bn
3	R&T	29,3 m



## Rescaled Budget Projections

### Defence Budget at 1.5 % GDP

Item	Value	Ratio	Of
0 Average Defence Budget	197 bn	1.5	% GDP
1 Defence Investment	49 bn	25.0	% Expenditure
2 R&D	10 bn	20.0	% Investment
3 R&T	2 bn	20.0	% R&D

### Changes needed to rescale at 1.5 % GDP

Item	Value
0 Average Defence Budget	17 bn
1 Defence Investment	18 bn
2 R&D	3,6 bn
3 R&T	200 m

### Defence Budget at 2.0 % GDP

Item	Value	Ratio	Of
0 Average Defence Budget	263 bn	2.0	% GDP
1 Defence Investment	66 bn	25.0	% Expenditure
2 R&D	13 bn	20.0	% Investment
3 R&T	2,6 bn	20.0	% R&D

### Changes needed to rescale at 2.0 % GDP

Item	Value
0 Average Defence Budget	82,7 bn
1 Defence Investment	34 bn
2 R&D	7 bn
3 R&T	857 m



## Defence Budget at 2.5 % GDP

	Item	Value	Ratio	Of
0	Average Defence Budget	329 bn	2.5	% GDP
1	Defence Investment	82 bn	25.0	% Expenditure
2	R&D	16,4 bn	20.0	% Investment
3	R&T	3,3 bn	20.0	% R&D

## Changes needed to rescale at 2.5 % GDP

	Item	Value
0	Average Defence Budget	148,6 bn
1	Defence Investment	51 bn
2	R&D	10 bn
3	R&T	1,5 bn

Our model yields the following conclusions. First, rebalancing does not need a significant increase in R&T spending across the union (only €30 million per year) but does require a major increase in R&D, €2.7 billion, per year. This *increase* is more than twice that made available each year by the EDF, which was reduced to €8 billion over the MFF period. The €500 million proposed to meet urgent needs as part of the EDIRPA is also inadequate when set against the €13.7 billion extra each year required to bring equipment expenditure up to a sustainable level.

The projections involving increases of defence spending to 2% and 2.5% show the scale of the challenge. Increasing defence spending to 2% of GDP is associated with an expansion of R&T of €857 million per year (and R&D of €7 billion per year.) The R&T figure is of an order that could be met by a reasonably increased EDF, but the R&D requirement (€42 billion over an MFF cycle) will need different financing mechanisms.

(R2) Increase the size of the EDF and focus it on R&T. Seek to integrate it better with Horizon funding for dual-use research.



# Regional Analysis

Though no substitute for an analysis of European countries' defence policies far outside the scope of this paper, it is useful to identify a number of groups of countries with different defence policy heritage, threat perception and strategic interests.<sup>9</sup>

- **Nordic countries** The EDA data are limited to Sweden and Finland, which are a special case because they have had to prepare their defence policies linked to, but not at the time within NATO. Finland has always emphasised resilience and prepared, if necessary, to fight Russia alone. Sweden had largely disarmed domestically until Russia's 2014 invasion of Crimea but has since dramatically increased its readiness and reintroduced conscription.
- **Baltic states** Suspicious of Russia with good reason, the Baltic states have been modernising their forces as quickly as they can. They will need to rebuild stockpiles after donating large proportions of their materiel to Ukraine. Though extremely small, their economies have converged quickly with Western Europe.
- **CEE** Non-Soviet central and Eastern Europe maintained significant defence establishments under the Warsaw pact and have some excellent indigenous equipment but their defence industries have, in the main decayed. Poland, which is rapidly rearming and the Czech Republic which has maintained a strong industrial base are notable components of this. This version of the grouping includes Hungary.
- **Southern** Portugal, Italy, Greece and Spain. Italy in particular has large armed forces, though focused on maritime missions, and a world class manufacturer in Leonardo. These countries were hit hard by the financial crisis and covid however and defence spending has felt the effects.
- **Big Western Europe** France, Germany, Spain and Italy. Large countries with big defence establishments. France and Germany have kept up R&D spending even as their own equipment orders were cut back. This is being reversed.

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<sup>9</sup> Note that these groups overlap. They are used to illustrate tendencies and some countries exhibit more than one, and are accordingly assigned to more than one group. The modelling software is designed to make the creation of new groups or modification of existing ones straightforward.



- **Neutrals** Small and wealthy, Ireland and Austria underspend on defence though have the technological background to contribute in niche production if they wanted. Malta is also in the EDA but tiny.
- **Core Hawks** Includes the Nordic Baltic States and Poland and the Czech Republic. All countries in this group are alarmed at Russian expansionism and feel a strong need to rearm.
- **Broad Hawks** Includes the core hawks, the rest of CEE except Hungary, plus the Netherlands, where revulsion at the shooting down at MH17 has given public support to an already strongly Atlanticist security establishment.

The following tables present the 2017-2020 average for each of the groups.<sup>10</sup>

### Baltic States

	Item	(€)	Proportion	Of
0	Average Defence Budget	2 bn	2.0	% GDP
1	Defence Investment	538 bn	26.5	% Expenditure
2	R&D	7 m	1.3	% Investment
3	R&T	4 m	60	% R&D

### CEE

	Item	(€)	Proportion	Of
0	Average Defence Budget	21 bn	1.7	% GDP
1	Defence Investment	5,3 bn	25	% Expenditure
2	R&D	171 m	3.2	% Investment
3	R&T	95,5 m	55.9	% R&D

### Southern Europe

	Item	(€)	Proportion	Of
0	Average Defence Budget	40,6 bn	1.2	% GDP
1	Defence Investment	7,8 bn	19	% Expenditure
2	R&D	189,4 m	2.4	% Investment
3	R&T	120,2 m	63.5	% R&D

<sup>10</sup> More detailed tables, calculating the changes needed to rebalance the “core hawks” defence budgets to 2%, 2.5%, 3% and 4% will be made available on the Martens Centre website.



## Big Western European States

	Item	(€)	Proportion	Of
0	Average Defence Budget	121 bn	1.4	% GDP
1	Defence Investment	18,5 bn	15.2	% Expenditure
2	R&D	5,8 bn	31.4	% Investment
3	R&T	1,5 bn	25.5	% R&D

## Neutrals

	Item	(€)	Proportion	Of
0	Average Defence Budget	4 bn	0.5	% GDP
1	Defence Investment	321 m	8	% Expenditure
2	R&D	4,9 m	1.5	% Investment
3	R&T	3 m	64	% R&D

## Core Hawks

	Item	(€)	Proportion	Of
0	Average Defence Budget	23 bn	1.5	% GDP
1	Defence Investment	5,3 bn	23	% Expenditure
2	R&D	251 m	4.7	% Investment
3	R&T	157 m	62.7	% R&D

## Broad Hawks

	Item	(€)	Proportion	Of
0	Average Defence Budget	40 bn	1.5	% GDP
1	Defence Investment	10,4 bn	26	% Expenditure
2	R&D	410,8 m	4	% Investment
3	R&T	263 m	64	% R&D

These regional groupings show that the overall European R&D figures are sustained almost entirely by Western European defence sectors. Southern Europe as a whole (population over 100 million) spends just €190 million on R&D (though two thirds of that is fundamental R&T research), and only slightly more



than invested by the still significantly less advanced economies of Central and Eastern Europe. Weak R&D spending is widespread - even the Nordic countries only manage a 6% rate. By examining the “core hawk” group in more detail, because these member states are where the political will to rearm is strongest, we can identify how much is needed to fill the most important gaps.

Rebalancing the core hawks’ budgets to meet the desired ratios would require €74 million more per year in R&T, and €900 million extra in R&D. To achieve that balance at 2% of GDP R&T would need to rise by €148 million, R&D BY €1.2 billion and total defence investment by €2.3 billion per year. Given the security threat these countries believe they face, significant national contributions to defence spending increases should be expected. Nevertheless, as these are the countries most under threat from Russia, some European solidarity would be welcome. The use of Article 173 TFEU to justify defence research is now well-established, even though direct defence expenditure cannot be included in the MFF budget. As there is serious regional disparity in defence R&D, thought should be given to using the Cohesion Resilience and Values fund, which has a total value of €1 trillion (including NGEU) to support technological research with defence applications. An extra focus on defence technology convergence should if possible be incorporated into the MFF mid-term review, and certainly into the next MFF. This would have the scale needed to help fill the R&D gap, particularly were member states able to match it.

(R3) Use elements of the existing Cohesion, Resilience and Values fund to stimulate technological convergence with defence applications, thereby supporting R&D, particularly in the CEE region

(R4) Include a specific fund for convergence in technologies with defence applications in the next MFF. A relatively small fund of, €2-€3 billion per year (€14-€21 billion over the MFF cycle) would be able to close these important regional disparities.

The amounts that need to close gaps in the equipment budget are considerably larger. Annual increases of €4 billion to €6 billion per year at the higher end could be hard to justify in an area where EU powers are limited and defence budgets still controlled by national defence establishments. Nevertheless, the EU could be able to help through the Article 122 TFEU solidarity clause which enables the creation of financial instruments “where a member state ...is threatened by serious difficulties caused by natural disasters or exceptional circumstances beyond its control.”



The most efficient form of such assistance would be to provide guarantees to allow countries under threat from Russia to borrow at European interest rates rather than those would be required to pay on the open markets. This would be particularly advantageous for a Polish government that was willing to apply European values related to the rule of law and for Baltic governments that have been so generous in their support to Ukraine.

(R5) Use Article 122 TFEU to extend a financial guarantee to member states under threat from Russia to allow them to borrow at Union rates to re-quip their armed forces.

However, if the political will allows, it would be possible to go further. As there is no limit to the size of the budget that could be agreed under art 41 TEU, the European Peace Facility could be re-thought to finance long-term development as well as short term purchases of military equipment. As funding would be done on the basis of GDP rather than individual contributions, it would thereby act as an instrument of European solidarity for wealthy countries, like Ireland, that find domestic defence spending on their politically difficult. It could provide for air defence, airlift and refuelling, C4ISR, deep strike and other shared capability.

(R6) Replace the European Peace Facility with a European Strategic Defence Fund that would expand the EPF's mission of current procurement support to include the development of strategic enablers that would be shared between EU member states (and possibly third country allies.)

This could be pursued at the same time as the next MFF negotiations where the sums required (several billion euro per year) could be negotiated and allocated, subject to the opt-outs permitted under Article 41 TEU to a fund administered by the HR/VP and EEAS.

Several other promising avenues for strengthening the European defence industrial and technological base but have not been developed in this paper for reasons of space. These include (i) replicating the deep involvement between official programme managers, industry and academia, pioneered at DARPA within the EDF, (ii) reforming the Environmental, Social and Governance (ESG) taxonomy of financial services so it no longer excludes defence investments without which democratic governance cannot survive, and (iii) strengthening EU non-discrimination in defence procurement.





# Conclusion

The EU faces a lasting threat from an undemocratic Russia. While Putin has dominated Russia since 1999 and left his imprint on the country, he is not merely a personalist dictator but represents the security interest in the Russian state that will outlive him.

Russia's economy is dominated by the extraction of natural resources, most of whose value is captured by elite officials and distributed by them in top-down patronage. This resource curse stimulated authoritarian government and supplies the money needed to maintain a security establishment to keep political dissent and ethnic separatism in check. The strategic corruption this money bought allowed Russia to seize territory from Georgia and Ukraine, and conduct devastating cyberattacks on Estonia while suffering minimal consequences. It was able to maintain footholds in Abkhazia and Transdnistria and intervene in Syria and Central Africa.

These resources have allowed Russia to partially modernise its military, in effect occupy Belarus, and launch their full-scale invasion of Ukraine. Even if Russia is expelled from Ukrainian territory, it will retain the ability to use those resources to rebuild its military strength. If sanctions are lifted it will be able to do so more quickly. Until it repudiates imperial expansion, Russia will pose a threat to the EU, and in particular to those member states that suffered under Russian domination in the past.

Consequently, in addition to building domestic resilience against Russian subversion through civic education, hardening critical infrastructure, strengthening the independent media sector, bolstering anti-corruption measures, and operating a robust external policy to counter Kremlin influence beyond Europe's borders, we need capable armed forces and a defence industrial base able to sustain them in high intensity war and for the long term.

Western European countries cut their budgets after the end of the cold war, while the former members of the Warsaw Pact have for the first time had to develop strong defence policies *as democracies*. This has already begun to change the European security order, by moving the Nordic countries into alignment with the Baltic States, Poland and Czechia. Finland has joined and Sweden is applying to join NATO, while Denmark has given up its opt-out from the CSFP/CSDP. Norway, Finland and Sweden are integrating their air forces.



Within the EU sphere, treaty change to limit vetoes on CFSP/CSDP and add defence competence is starting to be discussed. Milkas Dzurinda, former Prime Minister of Slovakia (and current President of the Martens Centre) has called for an EU army.

Treaty change is however a long process, and only likely to come to pass during the process of Ukrainian accession, as the changes necessary to incorporate such a large member state interact with strong political will to integrate Kyiv. We cannot wait until it is concluded to start supporting European defence.

Fortunately, this report showed that while rearmament and the regeneration of Europe's defence industrial base will need large amounts of money (€34 billion of extra defence investment per year if budgets are to average 2% of GDP, €50 billion extra per year for a 2.5% average) this is an area in which the EU can contribute immediately.

The upcoming review of the MFF is an opportunity to make plans these a reality that it would be extremely irresponsible to miss.

## About the author

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# Credits

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