

The Downside of Europe's Military Spending

by Caroline D. Rose - May 1, 2023

June is a big month for NATO. A year shy of its 75th birthday, the alliance will host Air Defender 2023, the largest combined air exercises in its history and one of the biggest Atlantic aerial deployments since the Gulf War. The German-led multinational exercises will test trans-Atlantic interoperability with more than 200 aircraft and 10,000 personnel from 24 countries, pulling forces and equipment from hubs throughout Germany, the Netherlands and the Czech Republic, and exploring various avenues of rapid deployment and multilateral coordination between airfields in Eastern Europe. It will also simulate out-and-back missions into the Baltic states. Notably, Air Defender 2023 features new NATO member Finland and applicant country Sweden, and the drills just so happen to coincide with one of the alliance's largest combined ground exercises, Defender Europe 2023, which will enter its third month of operations in June.

All this activity, however, has overshadowed the fact that NATO member countries are binge-buying military equipment to boost their own defensive commitments at home. A recent study from the Stockholm International Peace Research Institute found that in 2022, Europe witnessed its largest uptick in defense spending since the final year of the Cold War. Europe's spending spree has now made NATO's once-lofty goal – having members spend 2 percent of gross domestic product on defense – a floor rather than a ceiling, at least for some members. In fact, as global defense expenditures increased by 3.7 percent, European countries collectively increased spending by nearly 14 percent, the largest spikes coming from Finland, Lithuania, Sweden and Poland – that is, countries directly threatened by Russia.

Their spending pales in comparison to that of Ukraine, of course, which spent 34 percent of its GDP on defense, but it nonetheless shows that they are becoming much more serious about defending themselves unilaterally as well as collectively. NATO coordination has made remarkable strides over the past year, adding a new member, staging massive exercises and considering new battlegroups along Ukraine's western flank in Romania, Hungary, Slovakia and Bulgaria, and it seems as though its members want to do their part in kind.

Even so, defense and deterrence are expensive, and growing economic uncertainty throughout Europe will complicate the situation. Many organizations, including SIPRI, predict that Europe will steadily increase defense contributions in the coming years regardless of the outcome of the Ukraine

war. And though that conflict has rallied much of Europe to the NATO cause, it has done nothing to allay concerns over the cost of living, inflation and access to alternative sources of natural gas for the upcoming winter – all of which are starting to curb European enthusiasm.

Recent opinion polls bear this out. Eurobarometer data shows that Europeans are not as concerned about the war in Ukraine as they are about economic conditions. Some 93 percent of respondents ranked rising costs of living as their biggest concern, while 82 percent ranked poverty as theirs. The poll also indicated that 40 percent of EU citizens have experienced declining living conditions, 46 percent of which blame this on “consequences of global affairs.” As Europe braces for winter, strapped for natural gas and facing high rates of inflation, it’s possible that these financial concerns could block plans to bolster defense.

Meanwhile, the Continent is beginning to confront dilemmas related to unilateral defense planning. Procuring new weapons systems is all good and well, but money alone won’t create the protective blanket Europe envisions against Russia. For example, the European Defense Agency recently noted that the Continent still struggles with acquiring long-distance air transportation vehicles, fuel tankers, air defense systems and aircraft carriers. As many EU members have bolstered defense and acquisition plans in isolation, many states have created redundancies in purchasing the same, flashy pieces of equipment and, as a collective, have disregarded broader logistical and resupply needs that would be vital in any Article 5 scenario against Russia.

To be sure, NATO is having its moment. Skeptics of militarization have folded into the alliance, while its forces are conducting some of the most complex, largest combined arms exercises across Europe as summer approaches. NATO members are making considerable progress in domestic spending, and the group as a whole is looking to expand its presence to establish deterrence in the Black Sea region. But this hasn’t changed certain geopolitical realities. Europe still needs Russian energy, and it still struggles to coordinate continent-wide management on all kinds of policy, military or otherwise. If it continues to spend this kind of money at the expense of its citizens, the backlash could be enough to hinder defense policies in the future.

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