



Joint defence as a European public good

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Abstract

In light of the Russian invasion of Ukraine, this contribution to the special issue “*Organizing European Security for yet another geopolitical era*” argues that European defence should be considered a European public good. First, we develop a definition of European public good embedded in the political economy literature on public goods and state-building; then we discuss how to finance defence as a European public good, and we review public support for EU-level defence instruments.

Keywords European defence · European public goods · Public opinion · Russian invasion of Ukraine · European Union

Introduction

Following the cold war, the European Union (EU) enjoyed a “peace dividend”, since states could cut defence spending and dismantle large parts of their military infrastructure. However, recent geopolitical events, in particular the Russian invasion in Ukraine and the uncertainty about the continuation of American protection of EU NATO allies in the aftermath of Trump’s comeback to the White House, have driven home the necessity of building up Europe’s own defences. As argued by Hofmann (2024), there has been no lack of proposals and blueprints concerning the reorganization of EU defence. These proposals include, for example, the reinforcement of

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the EU's defence policies, or the further enlargement of NATO and a shift of focus to the East as a response to the Russian war on Ukraine (Hoeffler et al. 2024). In this paper, we review how to finance different alternatives of EU defence policy as a European public good. These range from simply integrating the industrial base across EU countries and geographically-close allies (Norway, the UK, Ukraine) to proper EU defence policies.

Clearly, any proposal aimed at reshaping the role of the EU as a provider of security and defence must consider that, in absence of any major Treaty reform, defence policy remains largely a national prerogative subject to obligations towards the NATO (Hofmann 2013). Yet even within the current Treaty setting, there are some specific opportunities for the EU to take more initiative in this area, for example through the joint procurement of military equipment. Availability of military equipment also requires rebuilding the EU's defence industry. Moreover, the strength of the EU's defence shield is to a large extent determined by its weakest parts. Hence, it is equally important to coordinate among Member States who does what in terms of rebuilding defence capacity, to avoid unnecessary duplication, and to fill blind spots.

We investigate *how* the EU itself could—from a conceptual standpoint to start with—contribute (alongside NATO) to the provision of security in the EU. We approach the issue from the vantage point of public economics and political economy, looking at EU defence policy, including a related industrial policy, as a European Public Good (EPG).¹ In doing so, we build on, and expand upon, a rich literature that sees defence spending in the context of alliances under public goods theory, especially in contexts of limited fiscal capacity (Hilton and Vu 1991; Ihori 1999; Siroky 2012; Engerer 2011; Chowdhury and Murshed 2014).

As we will argue below, from the perspective of the EU population, an EU-wide defence policy fulfils the standard properties of a public good being non-excludable and non-rivalrous. Furthermore, EU-level defence policy can provide considerable economies-of-scale, in principle allowing larger benefits for the same amount of resources invested by reducing duplication, introducing standardization, centralizing procurement, and so on. From a subsidiarity perspective, it therefore makes sense to shift parts of defence policy to the level of the EU, in the form of tighter policy coordination and central financing, because at the national level the benefits from spending more on defence are underestimated as the positive spillovers in terms of more safety elsewhere are not internalized.

Crises, defence, and public goods

The 2022 Russian invasion of Ukraine has been seen by some as a watershed moment triggering a change in pace in the process of EU state building. Granted, the interest in the relationship between crises and sovereignty cuts through disciplinary boundaries. Economists such as Obstfeld (1996) and De Grauwe (2018) have theorized the economic relationship between sudden crises and monetary sovereignty. Political scientists like Haas (1964), Schmitter (1970), Jones et al. (2016), and

¹ We do not explore the possibility of an EU army, as that seems a more remote prospect.



Ferrera and Kriesi (2021) have looked into the role of individual crises in shaping sovereignty. International relation scholars have predominantly looked at the concept of path dependency and how this relates to “critical junctures”, i.e. moments of acute distress which lead to regime change (for instance Capoccia and Kelemen 2007).

The debate remains open, however, as to whether crisis-induced integration represents a form of “state-building” resulting in some form of sharing of sovereignty. In fact, some see sovereignty as a property of nations that cannot be divided and should never be delegated or shared, and that therefore is endangered by crisis-led EU integration (Auer 2022). Others argue that interdependence always impacts self-determination, and therefore, supranational integration à la carte serves existing nation-states in an era of globalization to retain power by sharing it (Milward 1992) or even morphs and translates sovereignty on a different scale, gearing it up for a more interdependent world. Outside of the perimeter of European studies, the state-building literature has theorized a relationship between external threats (usually military in nature) and polity-building (Tilly 1975; Kelemen and McNamara 2022; Genschel 2022).

In this contribution, we depart from the idea that sovereignty is by definition indivisible and adopt a more functional approach to state competences, in line with the idea that ultimately state building takes place when institutions acquire the capabilities to mobilize material and ideational resources needed to act (Genschel and Jachtenfuchs 2016). We build on the literature on fiscal federalism to argue that crises, interdependence, and a collective understanding of community change the scale at which it is effective to provide certain public goods. In particular, for the context of the Russian invasion of Ukraine, this implies that shifting defence policy at least partly to the EU level makes EU defence stronger. In doing so, we build on a rich literature (Collignon 2017, Buti et al. 2023, Claey's and Steinbach 2024) developing the concept of EPGs, and argue that defence constitutes, in this post-invasion world, a prime form of EPG.

Granted, a rich debate has always existed as of whether international defence is a public good. Most of this literature has focussed on the issue of undersupply of defence expenditure when defence is a public good but provision is “private”, and—relatedly—on whether defence is, in fact, a public good. For instance, Lhori (1999) identified defence expenditure in organizations like NATO as a form of insurance with the characteristics of a public good, corroborating earlier findings by Hilton and Vu (1991), while Siroky (2012) finds that historical alliances’ voluntary defence expenditures display less “free riding” than one would expect from public goods theory, which leads others (e.g. Engerer 2011) to review whether security is in fact a public good to start with. We contribute to this literature by developing further the idea of European Public Goods, arguing not only that defence is a public good once one defines appropriately the “public of reference”, but also that financing mechanisms can be organized so as to avoid free riding. In this sense, the strong institutional system and established financing mechanisms of the EU may help overcome some of the shortcomings found by the literature on alliances, which would also apply to NATO.



In doing so, we align with two recent reports commissioned by the President of the European Commission that discuss potential ways forward with defence and security policy in the EU. Draghi (2024) views the EU defence industry as weakened by relatively low demand for their products, lack of focus on innovation, and fragmentation across national players operating in relatively small markets. Moreover, procurement and defence R&D are insufficiently coordinated and resources are insufficiently pooled. He perceives a clear case for a more centralized EU defence policy along several lines, writing “Europe will also need to develop a strong and independent defence industrial capacity that allows it to meet increasing demand for military assets and equipment and remain at the forefront of defence technology.” (p.13). As Niinistö (2024) writes in his recent report “Despite the distinct nature and origin of different shocks, emergencies, and crises, they also have many things in common and underline the need for a stronger role of the EU as a political, economic, and security actor”. Further, Hartley (2024) criticizes EU defence policy, observing for example a lack of “pooling” of resources, especially in defence R&D, out of an unwillingness to sacrifice national sovereignty. Moreover, defence efforts are typically measured in terms of inputs, for example spending in per cent of GDP or personnel, rather than outputs, such as peace or protection. Joint development of weaponry by multiple countries is not always efficient. In fact, he argues for specialization by comparative advantage and pooling to obtain costly defence assets.

Is defence a European public good?

In line with the literature on fiscal federalism, we define an EPG as a public good (1) whose provision at the EU level fulfils the standard criteria for a public good *when the public of reference* is the citizens of the EU, and (2) whose provision at the EU level is superior, in at least some metrics, to decentralized provision at the national level, either because it internalizes some externalities of national provision, or because it results in efficiency gains from economies-of-scale.

This definition is broadly consistent with that of Buti et al. (2023), who define seven criteria to identify an EPG under three broad categories: economic (non-rivalry and non-excludability, economies-of-scale and scope, and positive externalities), institutional (mutual interest and cross-border dimension), and political (mission-oriented and beyond subsidiarity). Collignon (2017) and Steinbach and Claeys (2024) argue that goods should be provided at the EU level when preferences are similar and there is a strong efficiency case. They provide criteria for deciding at which level of government public goods is best provided. To this end, Steinbach and Claeys (2024) use a four-step procedure, first assessing externalities, and how these could be internalized, followed by an assessment of the economies-of-scale, then an assessment of differences in preferences (with regard to level of provision and level of government) and, finally, a weighing of these elements.

In this definition, the concept of *public of reference* is essential. To understand public goods, the fiscal federalism literature often leaves undefined which one is the community of reference identifying who matters in assessing whether a good is excludable and rivalrous, whose utility is maximized, and in general the perimeters



of “the people” of interest. EU integration and the various recent crises faced by the EU motivate to consider the *EU* public as the public of reference when assessing whether defence is an EPG. EU integration, in particular, has created a deep interdependence between national communities, which can lead to problems and crises “spilling over” across borders if they remain unaddressed (Pierson, 1997). In turn, crisis-induced interdependence has led, especially in the years after the Euro-crisis and Brexit, to a “culture of collective problem solving” (Laffan 2024) which culminated with the effective EU response to the Covid-19 crisis. Finally, both the first and the second polycrisis (Nicoli and Zeitlin, 2024) have also brought EU citizens closer together as they faced common threats, engaged in similar public debates, and increasingly interacted across borders (see Nicoli et al. 2024a, b, c, and Rauh and Pariziek, 2024). Given the collective threat posed by the Russian invasion of Ukraine to Europe as a whole, the high level of interdependence between EU countries, the established culture of joint problem solving, and the growing levels of EU identification, we consider that the public of reference for defence is, indeed, the EU public, even though differences in preferences over security naturally continue to exist both within and between states.

In this, we deviate from Claey's and Steinbach (2024) in that we acknowledge that the degree of heterogeneity in political preferences is key to understand the political feasibility of EU-level provision of a good, but is less relevant in assessing whether the good in question should or should not, *in principle*, be provided at EU level. Defence is in fact a prime example of an EPG. It can be reasonably argued that, for the EU population as a whole, EU-wide defence fulfils the standard properties of a public good being non-excludable and non-rivalrous, in line with our definition above and Buti et al. (2023). Furthermore, EU-level defence can provide considerable economies-of-scale, in principle allowing higher utility for the same amount of resources invested by reducing duplication, introducing standardization, centralizing procurement, and so on, thus fulfilling our second criterion for defence to be an EPG. Finally, EU-level defence provides for some degree of internalization of externalities which national defence provision fails to internalize when the community of reference is Europe: because the utility of foreign citizens does not enter the decisions of national governments and part of the benefit of national defence spending is enjoyed abroad, when defence spending is decided at the national level, it will be underprovided.

Typically, arguments against integration of EU defence capabilities build around four possible criticisms. First, some oppose EU defence integration on principled grounds. In particular, those observers and scholars who understand sovereignty both as indivisible and bestowed upon the nation (among others, Auer 2022) view any form of EU defence as undermining national sovereignty. However, EU member states have been willing to gradually relegate powers to the EU level that were historically viewed as impartible from the national policy realm—e.g. think of monetary policy.

A second set of arguments are procedural in nature. Some consider that any step towards state building should not happen without explicit consent of national populations, for instance via referenda, not least because several national constitutions (including the German, Italian, Irish, and other) include clauses that limit what can



be jointly achieved in terms of defence, and these constitutions might need changing to allow EU defence integration.² Relatedly, some argue that any integrated EU defence lacks a legal basis to proceed. However, the Treaties feature both a mutual defence clause and a solidarity clause, respectively, Article 42.7 of the Treaty on the EU and Article 222 of the Treaty of the Functioning of the EU, which pertain to the responsibility that countries individually and separately have towards each other, but not the construction of integrated capabilities as suggested by EPG approach.

Third, some fear a pointless replication of the capabilities already existing within NATO, or paralysis should EU defence constitute a separate pillar of NATO while including countries that are outside NATO (e.g. Ireland, Austria). However, an EU defence that works as a separate pillar of NATO could exclude these countries. Alternatively a collaboration agreement could be signed with these countries. The potential relationship with non-EU NATO countries (such as UK, Norway, Iceland, Turkey) should obviously be clarified. A wide literature explores the relationship between NATO and the EU (see Hofmann 2013 for a review). However, recent work (e.g. Hoeffler and Hofmann 2024) shows that over time relationships between the European Commission and NATO have become tighter, paving the way for more intensive collaboration.

Fourth, some fear that an EU defence would be dominated by the industrial interests of countries like France or Germany, which have pushed their domestic defence industries for reasons of strategic autonomy and not solely on the grounds of performance; this would then limit the autonomy of other countries to procure their equipment elsewhere, for instance in the USA. However, an EU defence policy would also comprise the joint procurement of defence equipment by the European Commission, which puts the supplying firms at a greater distance from the procuring entity, thus leading to stronger competition, than with national procurement (Nicoli and Beetsma 2024).³

Delivery and financing of EU defence

Having ascertained that, despite arguments against EU-level defence cooperation, it is reasonable to see defence as European public good, we move on by applying the framework proposed in Buti et al. (2023) to discuss how to finance EU-level defence cooperation. Depending on whether defence is designed as an EPG, or a hybrid form of public good that continues to maintain an important role for national governments, different forms of financing become available.

² In this regard, however, one should note that both Germany and Italy are part of NATO; even though NATO is short of having a common army, it includes many elements of joint forces and intensive cooperation, and it has been consistently shown to be compatible with national constitutions, suggesting that there is broad scope for expanding military integration in Europe within the existing national constitutional frameworks.

³ Note, however, that some argue that procurement inefficiencies can lead to extra profits that defence industry uses to bribe politicians, which in turn alters the politician's calculus over public spending on defence that would otherwise be lower than optimal, because democratic publics are usually against military spending (Cowen and Lee 1992; Jones, 1999).



Currently, both delivery and financing of defence take for by far the largest part place at the national level. However, the degree of protection against external threats depends not only on the strength of a country's own defence, but also on that of neighbouring countries, implying that when taking a purely national perspective the benefits of investing in defence will be insufficiently internalized. Indeed, some coordination of activities does take place through the European Defence Agency (EDA), which “acts as a catalyst, promotes collaborations, launches new initiatives, and introduces solutions to improve defence capabilities”.⁴ Since 2017 it is also the central operator defence-related activities funded by the EU.⁵ In 2021 an €8 billion European Defence Fund (EDF) was added to stimulate cross-border industrial cooperation for the development of new technology and defence applications. However, the scale of coordination and joint defence activities in the context of the EU remains very limited. To put more structure on these, we distinguish the financing and the delivery of defence goods—see Table 1. The different entries of the table can coexist, while their relative importance may change as an increasing part of defence policy is undertaken at the EU level.

A way to increase the incentives to allocate more national resources to defence within an agreed EU framework is through the revised EU fiscal rulebook. This would correspond to quadrant (A) in Table 1. The revised Stability and Growth Pact (SGP) requires countries to devise medium-term fiscal-structural plans for a period of four years, which may be extended to seven years conditional on reforms and investments fulfilling certain conditions. The revised SGP emphasizes debt sustainability and is centred around net primary expenditure indicator. One possibility to boost national public spending in defence would have been to exclude it from the indicator on the ground of it being an investment in the protection against external aggression. However, such possibility was explicitly excluded during the negotiations on the reform of the fiscal rules. However, the potential objections to this solution are well-known: (i) governments may have an incentive to disguise other types of spending, in particular government consumption, as defence spending; (ii) any elements taken out of the net primary expenditure measure will further hide the integral budget trade-offs—assessments of debt sustainability would require all spending items to be taken into account.

The way to achieve a similar result adopted in the reform of the fiscal rules would have been to consider higher defence spending as an eligible item for a more gradual path of public debt reduction. The medium-term fiscal-structural plans under the new preventive arm of the SGP have to explain how they address listed common EU priorities, which include, where necessary, the build-up of defence capabilities.⁶ As such, this can be taken into account in lengthening the adjustment period from four to a maximum of seven years. Under the corrective arm,⁷ an increase in investment

⁴ See <https://eda.europa.eu/who-we-are/Missionandfunctions>.

⁵ See https://european-union.europa.eu/institutions-law-budget/institutions-and-bodies/search-all-eu-institutions-and-bodies/european-defence-agency-eda_en.

⁶ The new preventive arm of the SGP is laid down in Regulation (EU) 2024/1263, which replaces Regulation (EU) 1997/1466.

⁷ Amended Regulation (EU) 1997/1467.





Table 1 Delivery and financing of defence as an EPG

Delivery		
Financing	National	EU
	National EU	Incentivising national defence spending via the new EU fiscal rules (C) Fund outside the multi-annual financial framework to finance specific national defence projects Joint procurement to buy ammunition and defence capabilities (D) EU budget to finance “genuine” defence EPGs (air defence, space access, possibly nuclear deterrent)

Source: authors’ elaboration

in defence is one of the relevant factors to be reflected in Article 126(3) TFEU, which forms the basis for potentially starting an excessive deficit procedure.

Joint procurement would correspond to quadrant (B) in Table 1. As discussed in Sect. 3, it would enjoy a strong support of EU citizens. The concept of jointly developing and purchasing military goods has a long history in joint weapons programmes and associated framework contracts, both within Europe, such as the Eurofighter programme, and transnationally, as in the case of the F35. Joint procurement is one of the missions of the EDA. It has its legal basis in Article 39 of Directive 2024/24/UE (Caranta 2023). However, its impact and size remain limited (see Nicoli and Beetsma 2024 for a discussion). The disadvantage with national financing of defence spending is that the beneficial externalities of spending on defence are unlikely to be fully internalized. Also, the composition is unlikely to be optimal (see Beetsma et al. 2020, for related criticism on Next Generation EU (NGEU)).

Following the Russian invasion of Ukraine in February 2022, the Commission came with a number of initiatives that, however, involve only limited central funding. The Commission made a proposal for a European Defence Industry Reinforcement through common Procurement Act (EDIRPA), which was in turn followed by a proposal for an Act in Support of Ammunition Production (ASAP). EDIRPA aims at the joint procurement of urgently required defence equipment, while ASAP focuses on creating production capacity for different kinds of ammunition for Ukraine's defence. The lack of arms production has resulted in a proposal for a European Defence Industrial Strategy (EDIS) in Spring 2024,⁸ which proposes a so-called Structure for European Armament Programme (SEAP). EDIS is accompanied by a proposed European Defence Industrial Programme (EDIP), which consolidates different initiatives for defence production and procurement. The aim is to encourage EU member states to raise defence investments, develop and procure EU defence equipment, and improve coordination and collaboration on defence (see Marsh et al. 2024, and Helwig and Iso-Markku 2024).

Another option, corresponding to quadrant (C) in Table 1, is to finance defence spending through a separate fund, not formally part of the EU budget. The design of NGEU, in particular the conditionality attached to the design of the plans and the disbursement the money, may provide leads for the design of the fund. Elsewhere, in a series of contributions (Bakker and Beetsma 2023, and Bakker et al. 2024a, b) we have proposed a collective fund ("the fund") financed by the EU member states that finances public investments with positive cross-border spillovers conditional on countries adhering to the fiscal rulebook. Each country has its own envelope in the fund, and when it is unable to fulfil these conditions, then its compartment in the fund will be distributed over the other countries' envelopes. The legal foundation for the fund would be provided by Article 122 of the TFEU, whereby the Council, upon a proposal by the Commission, "may decide, in a spirit of solidarity between Member States, upon the measures appropriate to the economic situation, in particular if severe difficulties arise in the supply of certain products, notably in the area of energy". The conditionality would be derived from the conditionality regulation

⁸ See https://defence-industry-space.ec.europa.eu/eu-defence-industry/edis-our-common-defence-industrial-strategy_en.



introduced January 2021 in context of NGEU. Its objective is to protect the financial interests of the European Union and, in doing so, it may lead to the suspension of payments to member states that do not respect the principles of the rule of law. In the context of the fund, the conditionality regime would be redefined to link access to the fund to fiscal discipline at home based on the idea that EU resources, as an expression of solidarity, are to be used in compliance with the obligations under the EU Treaty, including the new economic governance framework. Conditionality would then cover respect of the fiscal targets, and the reform and investment commitments in the case of plans with an extended horizon. The logic of the fund could in principle be extended to a fund for collective defence spending. However, it deviates in two ways from the investment projects. First, the defence spending financed by the envisaged new fund should be complementary to existing military facilities. Second, it may be in the interest of the entire EU not to be too strict on conditionality if it is desirable that each country is able to contribute to defence.

Finally, items under quadrant (D) in Table 1 would be financed and delivered at EU level. Collective financing of defence expenditures would be concentrated on those for which the public good character is strongest. Examples of such “genuine” EPGs are air defence, space access, and nuclear deterrent. Such investments would become part of the EU’s multi-annual financial framework (MFF), either by reducing other allocations in the MFF or raising the EU budget (or both), a move that in the past has been politically difficult to realize. Financing would take place via EU taxes, the so-called own resources, or through the issuance of common debt. (The latter, however, may face legal challenges.) A temporary investment would be more appropriately financed by a fund, while items with a long-lasting spending burden would be preferably financed through new own resources. Quadrant D of Table 1, in particular, would be well reflected by Package 1 or Package 3 in Fig. 1. Package 1 is a highly ambitious EU defence policy delivered at European level, financed through transfers from national defence budgets, with majority voting in the Council, which is consistent with the idea of financing delivered through an off-budget fund, while Package 3 includes co-decision, which is consistent with an MFF-based instrument.

Designing a publicly supported EU defence

As discussed in Sect. 3, some arguments against EU defence rely on the idea that an EU role in military matters would counter the will of the public. This argument has been often raised by anti-establishment parties in the EU, which are now in the governments of Italy, Hungary, Slovakia, and the Netherlands, and have sizeable public support in Belgium, France, Germany, and other countries. Traditionally, these parties have campaigned against any form of European defence integration, even though some argue (see Mastrococco 2024) that some of them might have recently changed their point of view, either due to the changing security context, or due to the fact that they are now close to power.

However, political and popular appetite are not necessarily equal. Figures based on simple questions included in the Eurobarometer in 2021 and 2024 suggest strong support for common EU defence, with levels of support between 70 and 80% across



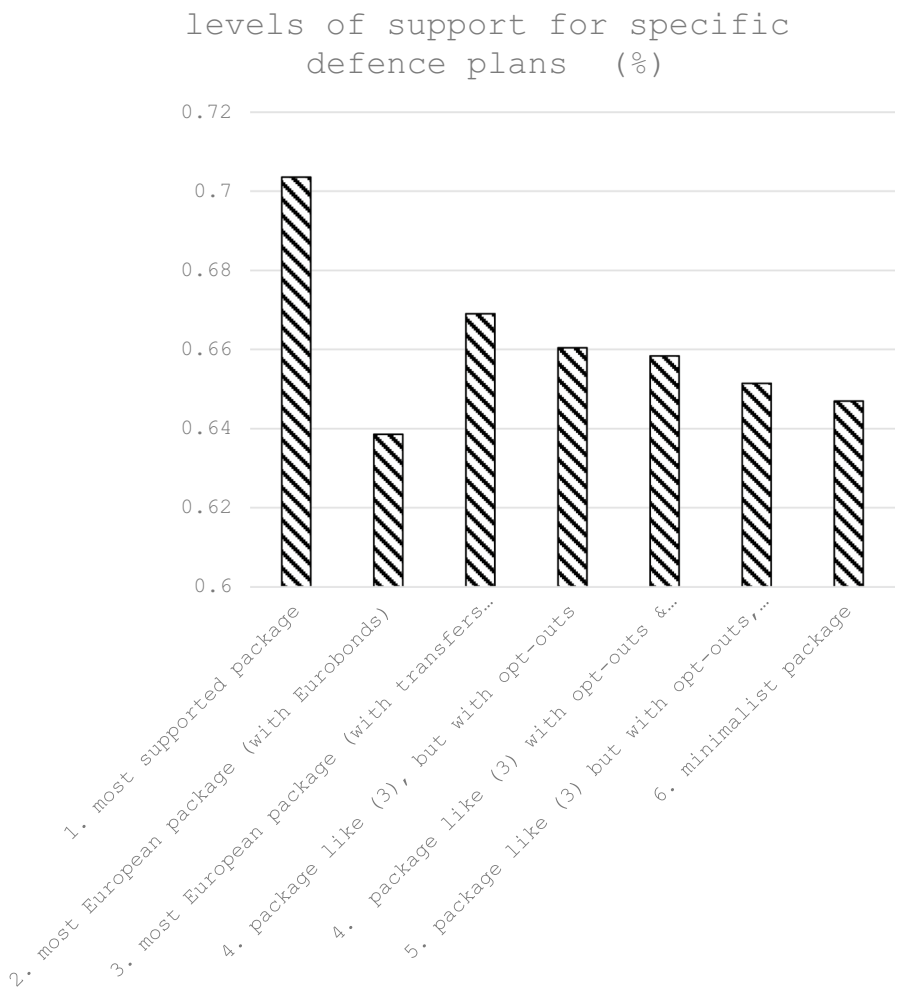


Fig. 1 Levels of support by defence policy design (FR, IT, DE, ES, NL). Source: Nicoli et al (2024a, b, c); Burgoon et al. (2023); Nicoli and Burgoon (2024).

the continent (see Beetsma et al. 2024 for a discussion). Maybe somewhat surprisingly, support for the latter is roughly equal for Europeans living in the Eastern and Western parts of the EU. These Eurobarometer results are consistent with other survey evidence, for instance the Bertelsmann Stiftung 2024 poll (Hoffmann and de Vries, 2024: 8), which estimates a level of support for common defence policy of 87% across the EU.

A key limitation of these surveys, however, is that they do not allow for a more fine-grained understanding of what a common defence policy actually means. As discussed in the previous section, even just looking at financing and delivery can provide several different “types” of EU defence policy, which in turn may affect public support in very different ways. A rich literature (Burgoon et al. 2022, Beetsma



et al. 2021, 2022; Bremer et al. 2023; Nicoli et al. 2024a, 2024b, 2024c) has shown that public support is sensitive on the specific details of policy design.

To address this, we make use of the results of an experiment that allows us to understand how public support increases or decreases when some of these features are added or removed from a specific defence cooperation proposal. The figure reports the results of a conjoint experiment (Nicoli et al. 2024a, b, c, forthcoming; see also Burgoon et al. 2023 and Nicoli and Burgoon 2024) assessing the level of support or opposition for certain defence policy packages, excluding those respondents who are neutral about the package. The experiment was conducted on a representative sample of French, Dutch, German, Italian, and Spanish citizens in November/December 2022, hence during the Russian invasion of Ukraine.

To differentiate many different alternative versions of a defence cooperation agreement, such defence policy is “split” in a number of separate policy dimensions, each of which can be assessed separately in its effect on the public opinion. Two of these dimensions—delivery level and financing—roughly correspond with the framework presented in Table 1, while the others further detail the different potential characteristics of an EU defence policy. More in detail, these dimensions include a delivery level of defence (which can take the form of proper EU armed forces or of coordination of national armed forces), its financing (via increases in taxation, Eurobonds, or repurposing of national expenditure), the voting mechanism (unanimity, majority voting in the council, majority voting in both council and parliament), whether there are opt-outs allowed for some countries, whether there are joint procurement schemes, and whether it pertains to a small or large armed contingent.

The first column reports the level of support for the package that is the most supported. This includes EU-level armed forces, of relatively large size, financed via transfers from national defence budgets,⁹ confederal governance (majority voting in the EU Council), no opt-outs, and joint procurement. The second column reports the level of support for the most European package. This is like Package 1, but with Eurobonds as a source of financing rather than transfers, and with federal rather than confederal governance (majority voting in both Council and EU Parliament). The third column is like column 2, but foregoes Eurobonds for transfers from national defence budgets. The fourth column is like column 3, but allows countries to opt-out. The fifth column is like column 4, but allows countries to express vetoes. The sixth column is like column 5, but the joint armed forces are small in size. Finally, the last column includes small size, coordination of national armed forces, vetoes, opt-outs, no joint purchases, and financing via transfers from national budgets.

When it comes to the specific issue of procurement of ammunition and other armaments, Fig. 1 suggests that there is generally substantial support for an EU defence policy (between 65 and 70% of the respondent express support), whether it involves or does not involve the joint procurement of ammunition. In fact, nearly all packages with joint procurement of ammunition (columns 1 to 6) exhibit slightly higher support than a minimalist package without (column 7); and, even then,

⁹ Note that collective defence spending financed through the MFF was not among the potential dimensional settings of the policy packages shown to respondents.



removing joint procurement reduces support even for the package included in column 2.¹⁰

There is further support in the literature for our findings. A large-scale survey by Mader et al. (2023) among more than 40,000 respondents in 24 EU countries plus the UK demonstrates that perceptions of foreign threats are associated with a more favourable attitude to integration in the defence and security domains. The more favourable attitude is shared by both Eurosceptics and Europhiles. However, in a follow-up study, Mader et al. (2024) show that providing information about the costs of joint EU military and defence procurement activities lowers the support for these activities. It would be important, though, to explore to what extent these costs substitute for costs of pursuing the same activities at the national level only.

The lack of arms production culminated in the European Defence Industrial Strategy (EDIS) and an accompanying proposal for a European Defence Industrial Programme (EDIP) in Spring 2024 to encourage EU member states to invest more in their defence, develop and procure EU defence capabilities, and to better coordinate and collaborate on defence matters (see Marsh et al. 2024, and Helwig and Iso-Markku 2024). As an instrument for joint procurement and maintenance, EDIS proposes the so-called Structure for European Armament Programme (SEAP), which features financial incentives such as VAT exemptions.

The bottom line is there appears to be quite substantial popular support for lifting important parts of national defence policies to the EU level. While several obstacles, both political and legal in nature, prevent the construction of proper EU-level instruments in the very short term, we cannot exclude that the likely return of Trump to the Presidency of the USA will accelerate the drive towards an EU defence policy.

Conclusions

We have adopted in this article the lenses of public good theory and political economy to assess the feasibility and financing of EU defence. We argued on several grounds (externalities, efficiency, effectiveness, etc.) that a defence policy should be organized at the EU level, because it represents a form of European public good, there is a need for it, and public support is high. However, as most EU member states are also member of NATO, an EU defence policy should operate within NATO, and specific arrangements should be established for accommodating heterogeneous national positions vis à vis NATO and the EU. Granted, this paper does not delve into the role division between NATO and the EU; it is possible that—given the issues of financing and commitment typically identified by scholars studying defence as a public good—the stronger institutional system and established financing mechanisms of the EU may help overcome some of the shortcomings found by the literature on alliances.

¹⁰ In particular, the neutrals are counted as opposed, which is the most conservative position taken; likely, a fraction of them would support the policy packages if forced to make a choice between supporting and not supporting.



We have argued that crises have increased the urgency to treat defence as an EPG. The Russian invasion of Ukraine is now in its second act. During the first, limited-scale operations that led to the occupation of Donbass and Crimea in 2014–2015, and the relatively low-intensity conflict that ensued, the impulse for defence integration was limited, although not absent (see, for instance, the activation of Art. 42.6 TEU which resulted in the launch of the Permanent Structured Cooperation on defence in 2018, and the negotiations on the European Strategic Compass inclusive of a Rapid Reaction Force in 2020 and 2021). The second act of the war began in February 2022 with the full-scale invasion of Ukraine and led to an expansion of NATO and to the launch of several armament-related plans in the EU, including joint procurement of ammunition (see Beetsma and Nicoli, 2024, for a detailed discussion). This has spurred new defence policy initiatives at the level of the EU. Future developments may accelerate the process of defence integration further. However, the recent EU policy initiatives in this direction are reactive and piecemeal, while a more comprehensive strategy, bringing together regulatory aspects and funding, would be warranted. This article has tried to lay some groundwork in this respect by making a case for the provision of EU defence as a European public good, providing a conceptual framework for its implementation, and collecting evidence on the level of public support for several different EU defence designs.

Declarations

Conflict of interest On behalf of all authors, the corresponding author states that there is no conflict of interest.

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