

SECURITY AT WHAT COST? DEFENCE SPENDING, GROWTH, AND THE FISCAL ARITHMETIC

Defence sector can be a source of innovation



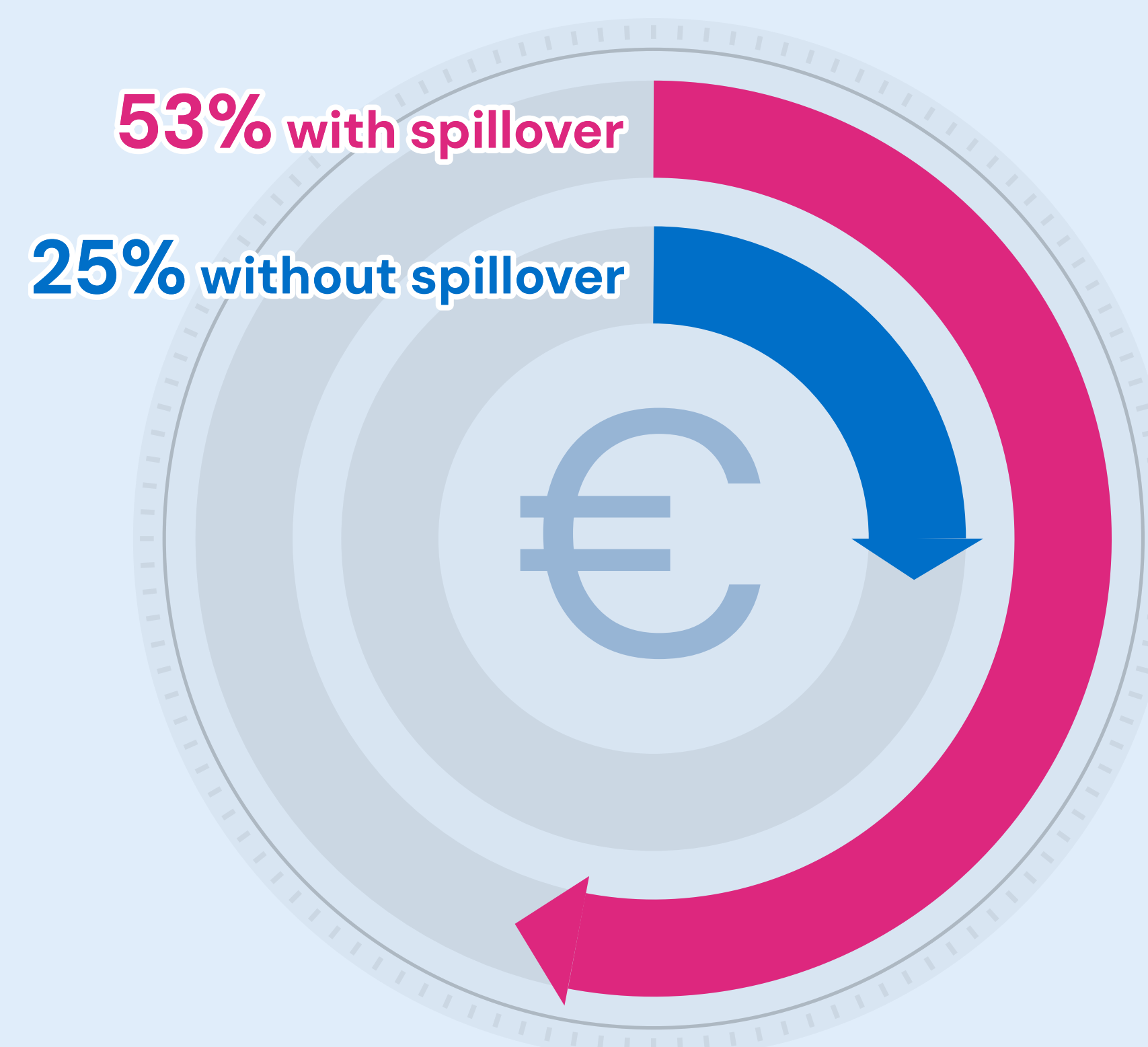
Highly productive and capital-intensive



Potential for positive spillovers to the rest of the economy

Defence build-up partly pays for itself in the long-term

(% of spending recovered)



Defence spending is fiscally self-sustaining if it is

- EU sourced
- Targeted to investment and R&D
- Backed by public spending reallocation
- Anchored in a credible fiscal framework

EU COORDINATION AMPLIFIES BENEFITS