

OKT 2025 / BIL. 14 / 2025

EON

Epitome of Nature

MENJULANG INOVASI, MEMPERKASA EKONOMI



PROMOTE INNOVATION, STRENGTHEN THE ECONOMY: A CRITICAL ANALYSIS OF THE REARM EUROPE PLAN

Piermauro Catarinella
Academy of Language Studies, UiTM Shah Alam

piermauro@uitm.edu.my

EDITOR: SARAH SHAZWANI BINTI ZAKARIA

The recent decision by the European Commission to launch the Rearm Europe initiative, with an investment exceeding €800 billion, has reignited debate across political, economic, and social spheres. Framed as a strategic move to enhance the European Union's (EU) military capabilities and to foster technological innovation in the defense sector, this initiative has polarized political opinion and raised important questions about the balance between innovation, economic strength, and long-term prosperity (Giannini, 2025; Piovasco, 2025).

While the program's proponents emphasize the urgent need to respond to growing security threats, critics caution against the potential erosion of social spending and the risk of regressing into an era of militarization. This essay critically examines the implications of Rearm Europe, arguing that true economic resilience and innovation are best fostered not through an arms race, but through strategic investments that promote sustainable growth, social stability, and global cooperation.

The catalyst for Rearm Europe lies in escalating geopolitical tensions, particularly following Russia's invasion of Ukraine in 2022. This military aggression has revived long-standing anxieties over regional security and the integrity of EU member states, especially those formerly within the Soviet sphere of influence, such as Poland, Romania, and Bulgaria. Many EU heads of government do not view the war against Ukraine as an isolated conflict but rather as the opening move in a broader geopolitical strategy. There is growing concern that Russian

President Vladimir Putin harbors ambitions to reassert control over neighboring countries and gradually reconstitute the former Soviet Union. This project would fundamentally threaten the sovereignty of several EU member states. The specter of renewed imperial expansion, reminiscent of the pre-1989 Soviet bloc, has reinforced calls for greater military preparedness and collective defense within the EU framework. Against this backdrop, Rearm Europe is framed by its proponents as an urgent and necessary response to an increasingly volatile and uncertain geostrategic landscape (Ricci, 2025).

Right-wing and conservative political parties have seized upon these concerns to justify the large-scale investment, asserting that the EU must evolve into a formidable military power capable of deterring external threats. According to this perspective, security and defense innovation are not only



Figure 1: On 4 March 2025, the President of the EU Commission, Ursula von der Leyen, announces the Rearm Europe Plan (Source: European Commission, 2025) cccccc

necessary for survival but may also stimulate economic growth by revitalizing national defense industries, creating jobs, and enhancing technological capacities (Thomas, 2025).

However, this vision is far from universally accepted. Left-wing political factions argue that the financial resources earmarked for Rearm Europe would be more effectively invested in strengthening the EU's social model, including healthcare, public education, and welfare systems. For these critics, the prioritization of military innovation over social cohesion risks undermining the values that have underpinned the EU's post-war recovery and integration. The redirection of public funds toward the arms industry, they contend, could accelerate inequality, diminish public services, and ultimately destabilize domestic economies (Sebastiani, 2025).

The economic implications of the initiative have likewise divided the business community. A minority of firms—those already operating within or adjacent to the defense sector—stand to benefit from the surge in military spending. Most of these are state-owned or heavily subsidized, raising concerns about the distortion of market competition and the exclusion of independent entrepreneurs. For the broader spectrum of small and medium-sized enterprises (SMEs), especially those in non-military industries, the future appears uncertain. A wartime or pre-war economic climate tends to redirect state support and

consumer spending away from civilian sectors, potentially triggering closures, downsizing, or stunted innovation. As historical precedent demonstrates—from the periods preceding the First and Second World Wars—arms races have coincided with recessions, inflationary pressures, and disruptions to trade and investment (Grossi, 2025).

Furthermore, while Rearm Europe claims to promote innovation, it embraces a narrow and sector-specific definition. True innovation extends beyond military hardware and cybersecurity systems. It encompasses breakthroughs in healthcare technologies, sustainable energy, digital platforms, artificial intelligence, and green infrastructure, all of which can generate broad societal benefits, support job creation, and reduce environmental degradation. Channeling public resources predominantly into military innovation risks sidelining these crucial sectors, particularly when the opportunity cost is so high.

This raises a further concern: the potential long-term cost of prioritizing arms production over sustainable development. Europe stands at a critical crossroads, with urgent imperatives to lead in climate action, clean technologies, and digital sovereignty. A commitment of hundreds of billions to defense industries may divert attention and funding from strategic areas that could better secure Europe's economic

independence and technological leadership. In this light, Rearm Europe could be viewed not as a forward-thinking innovation strategy, but as a reactive and short-sighted response to immediate fears (Amante, 2025).

There is also the issue of democratic legitimacy. The scale and direction of Rearm Europe have sparked considerable political controversy, yet the voices of ordinary citizens have been largely absent from the decision-making process. Notably, the EU Commission approved the program without submitting it to a vote in the EU Parliament, the only institution within the Union whose members are directly elected by citizens. By contrast, the Commission itself is not elected by popular vote but is formed through negotiations among political parties, effectively excluding citizens from the process of selecting its members. Public opinion polls suggest that many Europeans remain deeply committed to peace and social investment, rather than a military buildup. If democratic accountability is to be upheld, large-scale defense initiatives must be subject to broad public debate and transparent evaluation. Innovation policy, particularly when it involves the redirection of massive public funds, should not be driven solely by elite consensus or security-based rhetoric (Leo & Maccario, 2025).

From a historical perspective, the relationship between innovation and prosperity has

flourished most strongly in periods of peace and multilateralism. After the devastation of the Second World War, Europe's reconstruction was driven not by remilitarization, but by collaborative economic planning, social reforms, and international support, particularly through the U.S.-led Marshall Plan. These efforts laid the foundation for the European Union itself, built on the principles of cooperation, open markets, and shared prosperity. The post-war decades saw the emergence of social safety nets, world-class educational institutions, and high-tech industries, not through arms races, but through investment in people and peace.

More broadly, the underlying assumption that military innovation inherently strengthens the economy is both historically and theoretically contestable. While military research has, in some cases, yielded civilian technological spin-offs (such as the internet and satellite navigation), the overall economic return on defense spending remains ambiguous. Innovation embedded in militarized frameworks tends to lack transparency and

collaboration and is unlikely to foster the diffusion of knowledge and technologies across diverse sectors. Moreover, an excessive focus on national security can lead to an inward-looking, zero-sum mindset, hindering cross-border scientific collaboration and the global sharing of solutions (Crocco, 2025).

The symbolic consequences of Rarm Europe are equally important. After more than eight decades of relative peace and prosperity, Europe now risks re-entering a period defined by militarized thinking. This shift threatens to unravel the EU's normative identity as a peace project and undermines the culture of diplomatic multilateralism that has shaped its foreign policy. In today's interconnected and interdependent global economy, true economic strength arises not from isolation or confrontation but from cooperation, trust, and long-term vision (Tornielli, 2025).

To promote innovation and strengthen the economy, the EU should adopt a balanced, strategic approach. This means investing in research and development, green technologies, digital infrastructure, and inclusive

education—sectors that enhance competitiveness while reinforcing the EU's social model. Defense innovation may have a place within this broader ecosystem, but it should not dominate or drain resources from civilian priorities. Innovation should serve the people, not just protect borders. In conclusion, Rarm Europe presents a defining moment for the European Union's strategic direction. While it may provide short-term responses to security threats, it risks undermining long-term innovation, economic inclusivity, and social cohesion. Suppose the EU aspires to lead the world in prosperity, justice, and sustainable development. In that case, it should prioritize innovation that reflects its founding values—peace, cooperation, and collective progress—rather than shifting toward a militarized agenda (Giovagnoli, 2025).

References

