



New CER policy brief: European common debt: Is defence different?

European security is under threat and Europeans are trying to strengthen their defences. However, addressing long-standing gaps in military capabilities will require time, a sustained fiscal effort, and enhanced co-ordination. Constraints on national budgets have led policy-makers to explore new funding mechanisms to enhance defence investments, with the idea of EU defence bonds gaining traction among European leaders.

A new CER paper '[European common debt: Is defence different?](#)' by Luigi Scazzieri and Sander Tordoir presents an analysis of EU defence bonds, their benefits and feasibility. Defence bonds have a variety of potential uses, from supporting Ukraine and enhancing domestic European R&D to promoting joint procurement and financing efforts to bolster borders and critical infrastructure.

The authors argue that defence bonds have three benefits: raising overall spending levels, enhancing efficiency, and mitigating free-riding by low-spending member-states. However, defence bonds face significant hurdles: resistance to the idea of joint debt in wealthy fiscally conservative countries; different threat perceptions; concerns by the neutral member-states and distributional questions relating to who would benefit from defence bonds.

Scazzieri and Tordoir map out the options for implementing defence bonds, which range from utilising existing EU funding mechanisms to creating a dedicated defence fund or establishing a new off-budget instrument. Each option carries distinct advantages and challenges concerning legal and political feasibility. Moreover, for defence bonds to be viable, additional national guarantees will be necessary.

Luigi Scazzieri, co-author of the paper said *"Defence bonds face large hurdles. But they could offer the financial firepower necessary to close capability gaps and strengthen European deterrence."*

Sander Tordoir, co-author of the paper, said: *"Defence is truly different: using common fiscal tools to lift EU in this realm does not represent a redistribution of resources from northern to southern Europe: instead, it has the potential to benefit all member-states by enhancing collective security – and the industrial heart of Europe by increasing defence output."*

Notes for editors:

To discuss the policy brief or request an interview with Luigi Scazzieri [@LScazzieri](#) and [@lscazzieri.bsky.social](#) or Sander Tordoir [@SanderTordoir](#) and [@sandertordoir.bsky.social](#) please contact Kate Mullineux in the CER press office on pressoffice@cer.eu or +44 (0) 20 7233 1199.

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