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## **The war in Ukraine, fiscal rules, and the European elections**

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1. On February 26, 2024, German Finance Minister Christian Lindner proposed a moratorium on welfare spending and subsidies aimed at finding the resources needed for German defense spending. The proposal has so far been rejected by the governing coalition partners, but it has served to highlight a contradiction that affects the whole of Europe.
2. Recently, the European Union has approved new rules for governing the economy that establish rigorous spending limits within which the resources for the relevant investments on the European agenda must be found. Among these, defense expenses are excluded but not those for digital and energy transitions. In this way, an exchange is created between the agenda, approved by governments in Brussels, and social spending in member countries, making citizens more sensitive - and probably less willing - to spend on environmental protection and modernization, which would be paid for with cuts in pensions or other social spending that ensure cohesion in democracies under pressure. Although defense spending would be excluded from this exchange, Lindner applies the same principle to it: less butter and more cannons.
3. The trade-off implicit in the new European fiscal rules will erode citizens' consensus for Europe. Vital projects will be affected. The willingness to support Ukraine and develop a defense strategy for the continent surrounded by areas of tension and threatening autocrats will also decline. It is not easy for democracies to conduct strategic policies by stealth. When Macron proposed sending Western troops to Ukraine, he was isolated by all his partners even though for two years many European countries have had their own personnel in Ukraine who ensure maintenance and training for the sophisticated armaments they supply to Kiev. In recent days, Chancellor Scholz has declined from sending Taurus missiles, inaccurately claiming that they would have to be accompanied by German military personnel who would ensure, hour by hour, that the military objectives are compatible with the German and European desire not to engage in direct clashes with Moscow. Any uncontrolled intervention would bring the government not only into conflict with Russia, but also with its own Parliament, which would not authorize the offensive use of military means.
4. Putin can transform the Russian economy into a war economy without opposition, or by suppressing opponents, but European democracies fortunately need parliamentary debates, transparent decisions and consensus. Putting citizens in front of the choice of whether to give up resources for social cohesion to finance cannons is not the easiest path. National governments and the EU have swiftly yielded even to farmers' protests against the environmental agenda.

5. For this reason, the agreement on the governance of the European economy is highly questionable. Expenses for "common goods" - defense, environment, security, research - are not financed with common resources, including through shared debt. Laudable objectives, but which national governments avoid acknowledging in front of their voters, conflict with social stability. National democracies operate by stealth and, when this backfires, the blame is placed on Europe. We must ask ourselves when would be a better time to discuss these issues with citizens if not on the eve of the European elections.