

Attac Italia's short contribution to a critical analysis of ReArmEurope

It may seem curious that an appeal against rearmament, against a drastic increase in military spending, perhaps the largest in history even before the outbreak of a general conflict, does not contain an explicit reference to wars already underway. Nor on different possible geopolitical scenarios.

In this case it is not a question of a narrow economic approach; But exactly the opposite: a way to contribute to the understanding of reality at a time when “critical voices are receding” [As stated in the previous Hugo's post].

It is necessary to return to the original focus of Attac's international movement:

to accurately analyze the processes of financialization in all their aspects and their impact on every social phenomenon and on political and cultural changes.

War is always an important, particularly horrible, social phenomenon, that is always dangerously contiguous to politics. In addition to having a tangled and disturbing relationship with the processes of self-definition of culture [Hugo's references in his contribution are very fitting].

A common rational analysis of the processes of rearmament and their intertwining with economic and financial mechanisms will not erase the normal plurality of evaluations on the different conflicts in progress or *in fieri*. However, it could create a common ground for dialogue and action in defense of Peace, which remains a common principle in which we all believe.

Proof of this is that this intervention was written before the outbreak of the last (for now) conflict: that between Israel and Iran; but this further tragedy did not require any need for modification or adaptation, beyond this simple sentence.

For this reason it could be useful to start from an important analysis by Prof. Alessandro Volpi (full professor at the University of Pisa).

[this is the summary that appeared on “granello di Sabbia” (on-line newspaper of Attac Italia) of a more extensive intervention by Prof. Volpi at the “Political Laboratory for Nonviolence” which took place on 7-8-9 March 2025 and organized by Attac Italia, Pax Christi, Amis du Monde Diplomatique and other associations]

“The European Parliament's vote on a resolution on the next White Paper on Defence, which includes a reference to the ReArm Europe Plan, is part of a broader mobilisation towards the construction of a gigantic new financial bubble and the numbers clearly demonstrate this.

Meanwhile, it is important to specify that the bubble is fueled by the statements of Christine Lagarde who, after months of restrictive policies, has started a reduction in the deposit rate, brought to just above 2%, to discourage banks from moving in this direction and push them towards more profitable investments.

The European Investment Bank (EIB) is taking the same approach, clearly oriented towards financing military spending; the announced 800 billion in public debt, which should be mobilized by the States and the European Commission, are the main driver of this financial direction that is bearing very clear fruits.

If we take the list of the main European arms companies, we see that, since the beginning of the year, the stock prices have grown: Airbus Group has grown by 12.6%, Bae Systems by 41%, Dassault by 45.5%, Kongsberg by 27%, Leonardo by 73.3%,

RehinMetall by 92.2%, Rolls-Royce by 41%, Saab by 58% and Thales by 76%.

In short, a real bonanza that has benefited the main shareholders, the large European and American funds, together with limited government participations. Thus, the celebration of the indispensable and priority defense for freedom has caused the bubble on the stock market to explode, necessary to compensate for the Wall Street crisis and to build an escape route from the threats of financial Trumpism.

In this sense, the effective lobbying action within the European Parliament and the Draghi-von der Leyen model of financialization are proving to be very effective in building the tools, and the narrative, for the affirmation of a new economic dimension, as for subprime mortgages and then for big tech. First the narrative of the real estate dream for all and then that of the indispensability of new technologies: now we have reached the indispensability of liberal weapons.

But what are the tools of rearmament? They are called Exchange Traded Funds (ETF).

They are financial products - funds or variable capital investment companies (SICAV) - with low management fees and traded on the stock exchange, like normal shares. The characteristic: the sole objective of faithfully replicating the performance, and therefore the yield, of stock, bond or raw material indices. And they are, to a large extent, created by large Funds.

In recent months, ETFs that have indices directly linked to the arms industry have been enjoying great success.

The mechanism is simple: the large Fund - for example BlackRock - builds an ETF that is linked to an index created by the same Fund and, now, the big trend is to create indices with the stocks of the main arms producing companies - from the American ones to the European ones - which, it is expected, will benefit from the huge Ursula von der Leyen Plan against any invasion.

Coincidentally, this type of ETF is increasingly collecting the savings of Europeans, to whom they are sold by their managers who have bought the same ETFs from the large Funds.

Those relating to Lockheed Martin, BAE Systems, Northrop Grumman and Leonardo are very common.

The 'market' of derivatives and ETFs built on war industry stocks is definitely cultivated by large Funds, hedge funds, and investment banks, which use these instruments, paradoxically, to cover risks or speculate on global economic fluctuations.

In this sense, the issue of the 'traceability' of the use of managed savings becomes increasingly crucial, but, at the same time, increasingly difficult. The complexity of financial engineering, especially with ETFs and derivative instruments, tends to make the destination of financial investments almost unreadable, with the obvious possibility of a real mass migration of savings with very widespread features towards very dangerous sectors. The large Funds, in fact, rake in tens of thousands of billions of dollars that come, in an increasingly marked way, also from segments of the population with low incomes, who need pension and health insurance policies to make up for the retreat of welfare.

In this perspective, financial opacity becomes a truly colossal threat, destined to generate a flood of liquidity in directions

that certainly fuel major global conflicts. The widespread use of the aforementioned derivative finance to 'cover' investors from the risk of volatility moves in a similar direction; a use that is all the more used the more wars multiply and their proliferation makes them a very favorable terrain for speculation.

The climate of war has made it necessary to finance rearmament and on this necessity, instruments have been built that attract collective savings, making everyone a more or less aware financier of the arms race. Moreover, it is important to clarify that these are certainly not only European armaments because the main customers of the arms giants of the old continent are decidedly outside of Europe: from Arab countries, to Israel, to various other destinations very far from the borders of the European Union (EU).

In short, European rearmament arms finance and very little the EU, also because of the 457 billion euros already spent, every year, by the EU plus Great Britain, over half translates into purchases of weapons produced in the United States. In such a context, the Meloni government has put forward the hypothesis of tax relief for companies that decide to convert into weapons producers. In practice, we will not only pay for rearmament with higher interest on public debt, but also with higher charges for taxpayers to cover yet another favor to Stellantis and above all to Exor and the financial funds that participate in it, certainly benefit from a recovery in the share price.

The road to financialization does not stop here. The European Commission is discussing a real Plan to 'mobilize' the **10 thousand billion** euros that are in the current accounts of Europeans. These are measures that allow the total, free circulation of these resources towards any stock or bond present in Europe, in the logic of a single capital market. Added to this are the enrolment of savers on investment platforms; a possible, further, securitization of bank credits; the creation of deposit accounts; a relaxation of the prudential requirements of banks and insurance companies; and a more general tax exemption.

Naturally, the Commission underlines, all this facilitation in the mobilization of savings must be directed to financing rearmament for the 'defense of Europe', therefore the companies that produce weapons."

Interesting, about that, what the former President of the ECB Draghi said on February 18th 2025 in a hearing at the European Parliament: "Every year 300 billion goes to the US due to lack of investment opportunities"

"The word war has now become the tool with which to accelerate, in record time, financialization. Policies, deposit accounts, securitizations, tax reductions, everything must call widespread savings to arms and channel it towards the new bubble with which to fuel the war 'reconversion'.

It is truly striking that in just a few weeks the slow-moving European Commission has announced the 800 billion euro plan for increased spending by individual states on weapons, has broken the taboo of the Stability Pact for weapons, has set the European Investment Bank in motion to finance weapons, has produced a document, voted on by the European Parliament, of European supremacy, has allowed the allocation of cohesion funds to

rearmament and, last but not least, is calling European savings to arms.

In parallel, the European Central Bank (ECB) has reduced the deposit rate to 2.5%.

To finance the ReArm Europe Plan, moreover, Enrico Letta (former Prime Minister of the Democratic Party) has proposed creating - naturally by the large Funds - a "financial product accessible to retail savings" and "fiscally incentivized". A not too dissimilar hypothesis was expressed by Giancarlo Giorgetti, (italian) Minister of Economy and Finance, meeting the favor of various European governments: in other words, the securities of companies that produce weapons, especially European ones, should be the recipients of savers, even small ones, who will benefit from tax breaks and safe returns.

All the elements of the bubble have been prepared."

Some further considerations

To the analysis of Prof. Volpi, it is necessary to add, in a context of political debate such as the EAN meeting, some brief observations and considerations both on the "marketing" strategies to sell the plan to the European public opinion and a brief reference to some further "scenario" considerations.

One of the many ways used to "sell" *ReArmEurope* to the public opinion consists in the claim that this program can relaunch the process of European integration.

More than thirty years of neoliberal policies (Maastricht Treaty, the introduction of the Euro with a central bank with the fight against inflation as its only duty) have destroyed the European ideal in public sentiment. The Italian example is impressive: in 1989 a consultative referendum on a possible advancement of a federal european process gained 88% of favorable votes (with a turnout of 80%). Today the opinions of the italians on the EU are mostly negative.

Thinking of relaunching a Union process with *ReArmEurope* is a dangerous remind of the "*Flottengesetz*" of 1898 which was also inspired by the idea of consolidating the, in that time recent, German unity, actually put the German empire on a collision route (the metaphor is fitting) with the British one.

The law was drafted after Bismark's exclusion from power. He considered that law a very bad idea. But for Admiral and Minister Tirptz the Bismark's opinions were "outdated" (*überaltert*).

We know how it ended.

Another topic that is often put forward in favour of *ReArmEurope* is that of a positive impact on work and employment. Even leaving aside the fact that the reconversion of civil industry for military purposes in the 21st century is enormously more complex than those carried out in the 20th century, some comparative investment studies make this solution far less attractive.

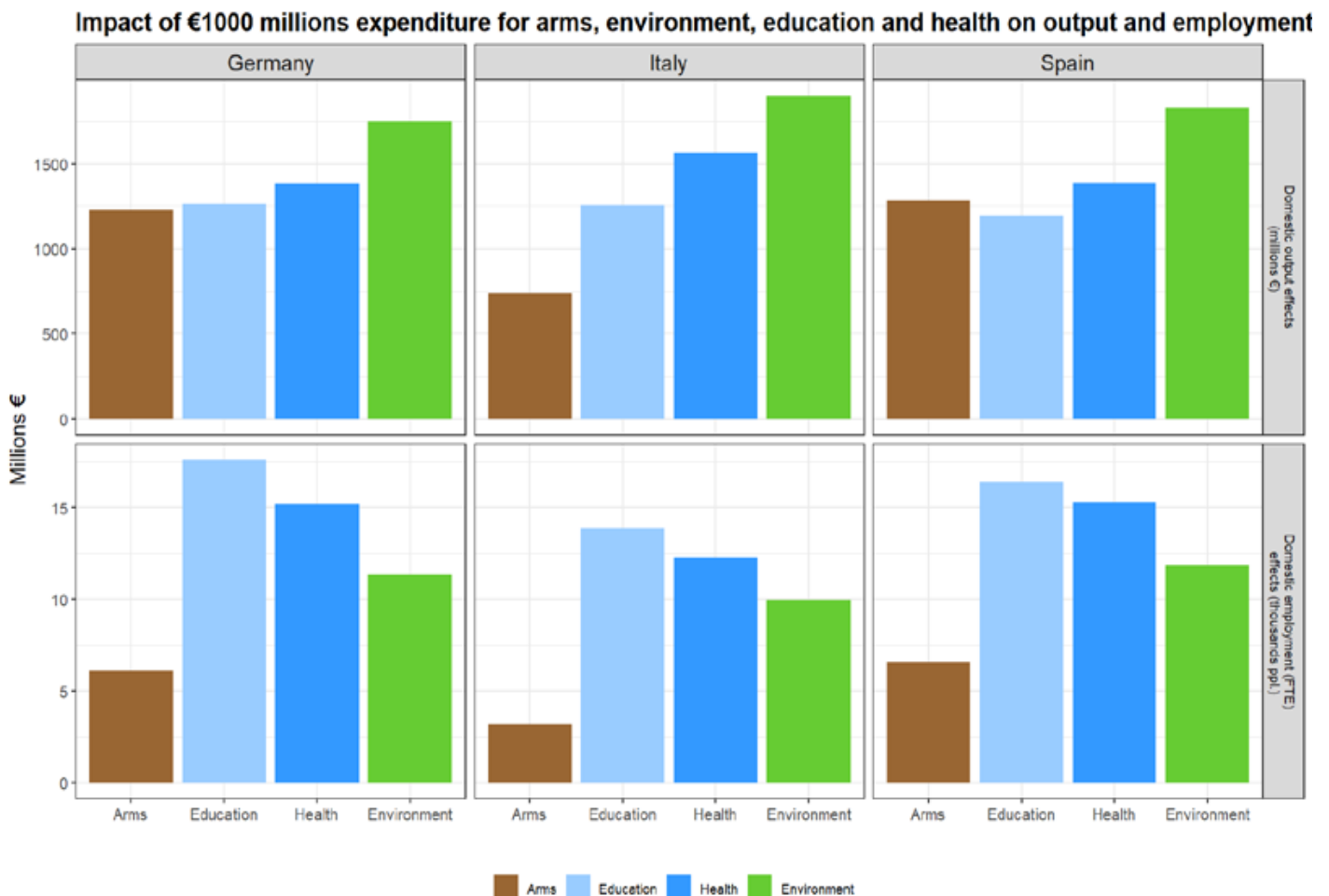
For every **billion** € spent/invested, production increases by:

Sector	Million increase	Jobs increase
war	741	3,000
environment	1,900	10,000
health	1,562	12,000
education	1,254	14,000

Source: Greenpeace - Arming Europe Report

The table refers to Italy. The comparison between Germany, Italy and Spain can be found in the graphs of the figure below (Fig. 1)

As we can clearly see, “military Keynesianism” is not a good idea. The choice to invest in rearmament is the only one (among those analysed) that has a negative “Keynesian multiplier”.



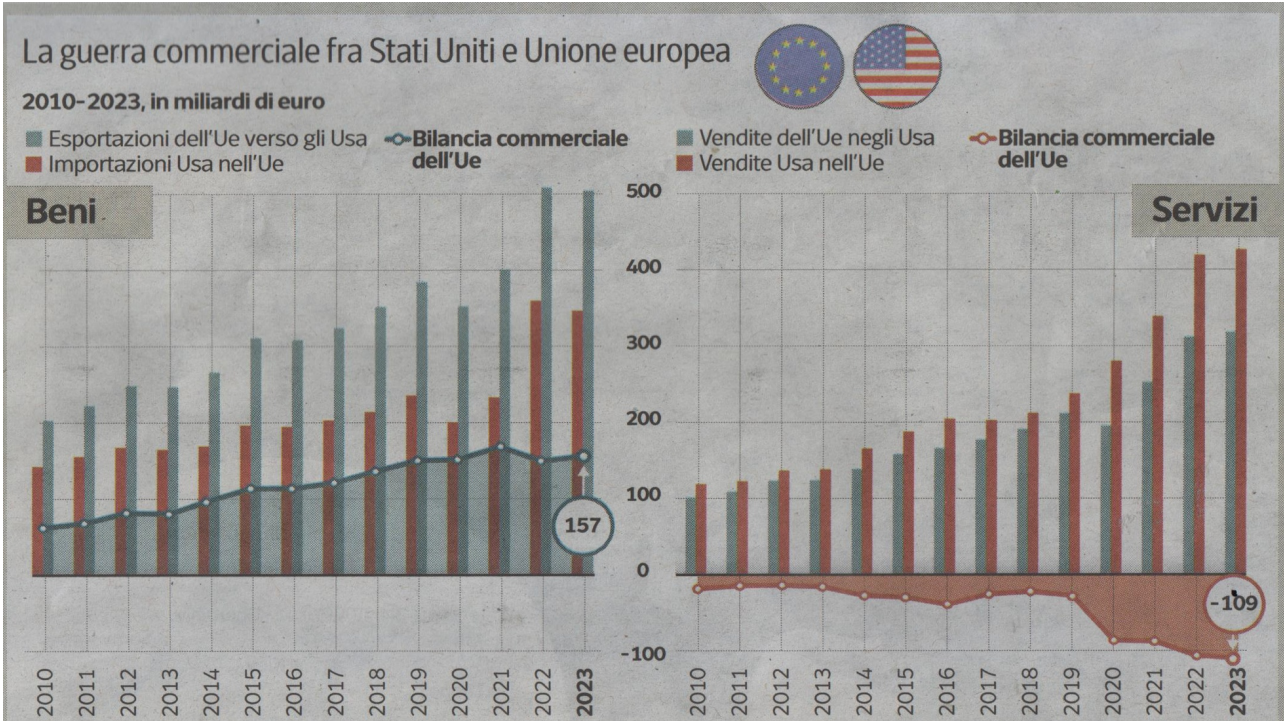
Another important aspect not to be ignored is to place the *ReArmEurope* within the Euro-Atlantic relationship, in particular a short reflection on the issue of customs duties on European exports to the US.


The EUR 157 billion deficit in favour of the EU is well known and has been the *casus belli* for Trump's campaign; but it refers only to trade in goods. Trade in services has the opposite trend: EUR 109 billion in favour of the US. A balance of 48 billion out of a total interchange of around 1,550 billion euros (around 3%) can be described as basically negligible (*Fig. 2*).

Note that the European deficit in services skyrockets during the pandemic. These are, of course, increasingly web-based services. The answer to this problem would be for the EU to support the creation of European web-based service structures. However, this would mean opening a real dispute with the US to break monopoly situations.

The policy endorsed by von der Leyen (and Draghi) is totally different: it wants to offer a chance in profitable employment to managed capital and **not** compete with those companies in which the large management funds have invested. It is hardly casual that *Bundeskanzler* Merz was chairman of the supervisory board of BlackRock Germany. This “cowardice” opposed to the “bravery” of the *ReArmEurope* is something to keep in mind.

Fig. 2
EU-US trade war - 2010-2023, **billions** of euro
Source: EU Commission / Italian Foreign Ministry



	EU exports goods / sales services> US
	US imports goods / sales services> EU
	Trade balance - Goods or Services

Last but not least

ReArmEurope must also be placed in a broader context than just the European scenario.

From a geopolitical point of view, of course; but that is not the focus of this paper. Here it is interesting to insert it in relation to the unavoidable question of the ecological transition and the resources needed to address it.

Unfortunately, it seems that, in Europe, wars have eclipsed the issue of transition. Unfortunately, ongoing climate change cannot be put on *stand-by*.

We need to start from the general framework of necessary tasks..

In 2020, both IRENA (International Renewable Energy Agency) and IEA (International Energy Agency) formulate hypotheses of a Road-map towards 2050. Estimates of the investments needed at a global level are formulated.

For IRENA, it is between 110 and 130 **trillion** [thousand billion] USD, for IEA 105 **trillion**.

Other sources also come to similar estimates: UBS Group AG forecasts 140 **trillion**, Ciyigroup 122 **trillion**, Bank of America 5 **trillion** USD per year for 30 years.

These are truly impressive figures even if it must be kept in mind that the essential and expected investments, for the normal end of the life cycle of energy infrastructures, amount to more than 20% of the estimated global cost.

To finance these colossal investments, financial capital is not lacking.

In 2015, BCG (Boston Consulting Group, Inc.) estimated global financial wealth at 183 **trillion** USD (compared to a global GDP of 75 **trillion**) and in 2020, against to the forecast of a decrease in global financial wealth due to the pandemic, global wealth had grown to 250 **trillion** (global GDP at more than 84 **trillion**). With an increase in the GDP wealth ratio from 2.4 to 3. For 2025, it is expected to reach the sum of 315 thousand billion.

On May 5, 2023, the World Health Organization officially declared the end of the pandemic, recording, at April 30th 2023, 6.921.614 deaths.

During the pandemic, the transfer of resources from the bottom to the top did not decrease but increased.

Compared with these figures, *ReArmEurope* looks a iusse of almost secondary importance.

This is not the case for some reasons that need to be remembered.

This European choice could have a much greater importance by starting a kind of “snowball effect”. The European Union, after a reduction in spending on weapons immediately after the end of the Cold War, had started to increase military spending again. The sudden acceleration of *ReArmEurope* changes a global scenario.

What is even more serious is that the European Union is leaving the scene as an important player involved in the ecological transition.

The same comparison of the volumes of spending necessary for the transition and military spending in Europe must be related to the weight of the EU (without the UK) at a global level. According to Eurostat, 15.1% of world GDP in 2021 PPS (Purchasing power standard).

World military spending, which reached 2,718 billion dollars in 2024, with an increase of 9.4% in real terms compared to 2023 (source: Sipri - Stockholm) does not summarize the global costs of rearmament.

There are also wars: between armaments, men and logistics but also reduction of trade, health costs, economic sanctions and migratory flows, conflicts cost us 14.3 **trillion** dollars every year (Institute of Economics and Peace, Sydney).

Even in a non-directly belligerent country like Italy, the consequences can be measured:

“In the three-year period 2022-2024, the overall economic consequences of the wars are measured at 171.4 billion euros – an annual average equal to 2.9% of GDP – resulting from lower exports to the belligerent countries and Germany”

Source: Confartigianato Lazio - 25 Febbraio 2025

Arms races do not prevent war but are always a prelude to a larger one. They are also bad business.

Many other data and many other elements can and must be added to this very synthetic analysis. Even the elements of contradiction will certainly be elements of enrichment and further deepening in our debate among Attac and in the public debate in which we participate in our countries.

At the most complex and dramatic historical moment since the birth of the international Attac movement at the beginning of this century, we must remember and pursue our most important *raison d'être*: popular self-education oriented to action.

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