

Europeans fear government spending will cost them personally

As governments increase spending on defence and infrastructure, many European consumers are asking: “What’s in it for me?” Our latest ING Consumer Research survey suggests many are sceptical about the benefits and, in fact, fear negative spillovers for their personal finances



Defence spending is expected to increase and provide a boost to GDP across Europe

Many don't expect to profit from higher spending

Across Europe, governments are preparing to spend more money on defence in response to recent geopolitical changes. European NATO countries have agreed to boost defence spending to 5% of GDP, about a third of which can be allocated to related infrastructure projects. Lawmakers are moving to make room for these expenditures through exemptions from the EU stability pact. In early 2025, Germany restructured its constitutional debt brake. Europe's largest economy can now issue significantly more debt to fund spending on defence and infrastructure. And there's also hope that the looming 2026 deadline will accelerate disbursements from the EU's Recovery and Resilience Facility.

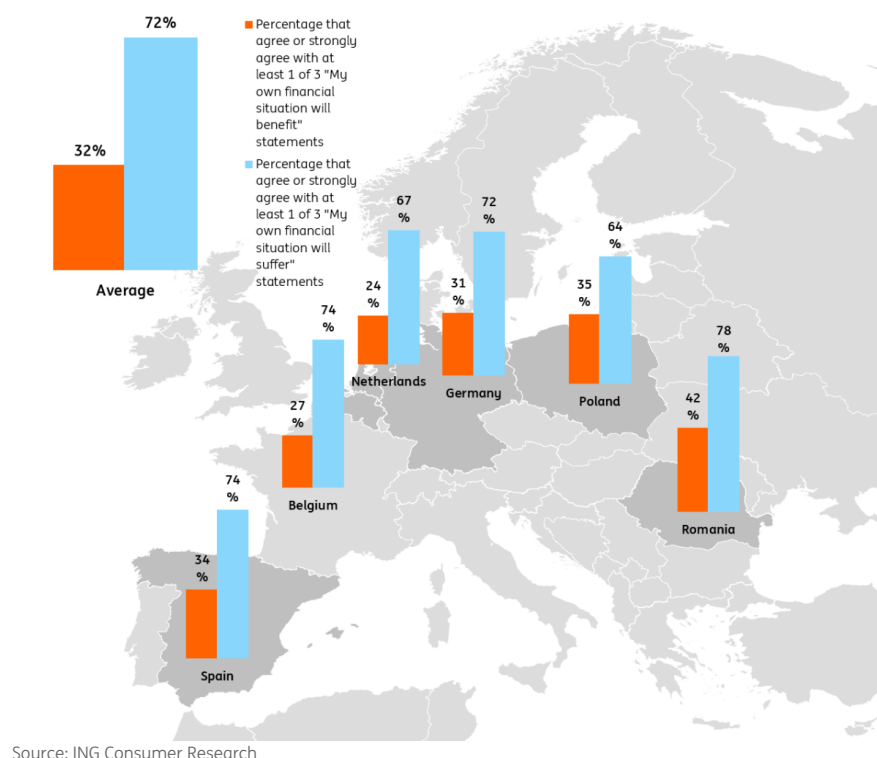
Economists believe that [spending programmes like these will boost GDP](#) and help breathe new life into economies that, in some cases, are still struggling to reach their pre-pandemic output levels.

But what do people think – will any of that money reach their pockets?

ING Consumer Research surveyed people in six European countries – Belgium, Germany, the Netherlands, Poland, Romania and Spain – about how extra government spending on defence and infrastructure might impact them. On average, less than a third of respondents are willing to agree with at least one of three statements suggesting these expenditures will benefit their finances. By contrast, almost three quarters believe extra government spending will hurt their finances via inflation, higher taxes or cuts elsewhere.

Pessimism reigns supreme

Percentage of respondents expecting either a positive or negative impact on their personal financial situation from increased government spending on defence and infrastructure

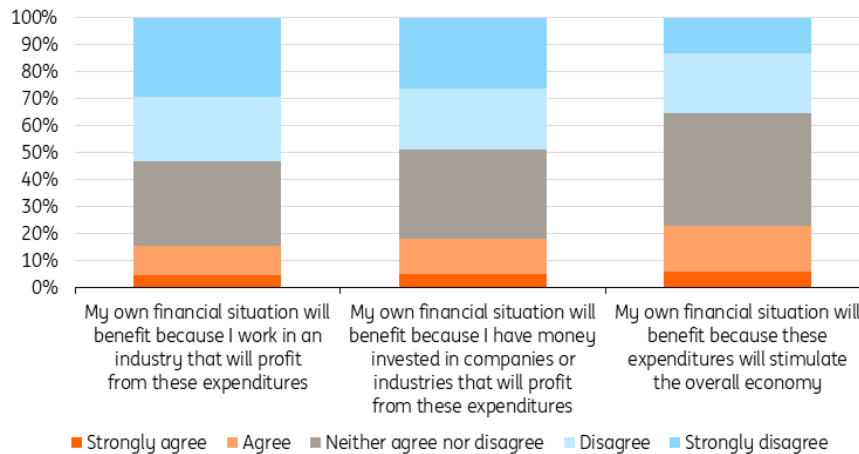


It comes as no surprise that relatively few respondents expect to profit from effects directly linked to the industries receiving the additional funding; obviously, not everyone works in defence or infrastructure or is invested in these sectors.

But even the idea that this spending could fuel a wider economic recovery which would benefit individuals is met with scepticism – less than a quarter of respondents expect their finances to improve.

Consumers don't expect defence and infrastructure spending to reach their own pockets

“Across Europe, governments are planning to spend more money on defence and, in some cases, infrastructure. To what extent do you believe these additional government expenditures will affect your own financial situation?”



Source: ING Consumer Research

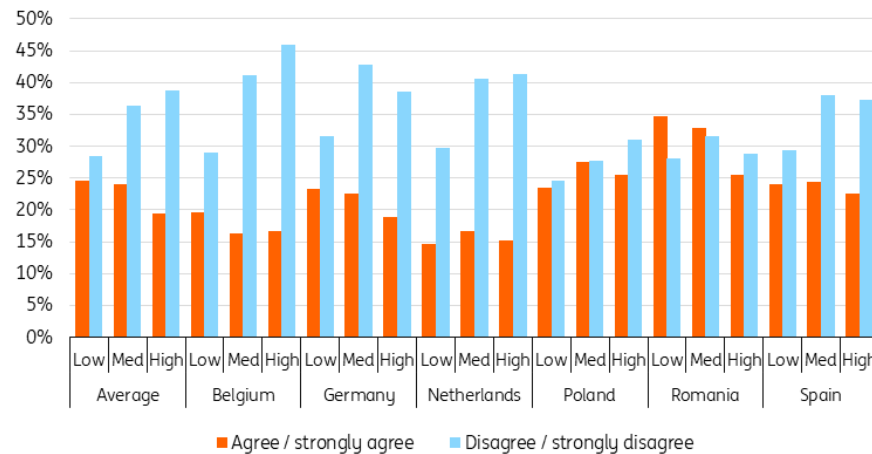
Those with more financial knowledge are less likely to expect personal gains

Our survey also included five questions designed to assess participants' grasp of basic financial concepts. You can read more about the results from these questions [in my colleague Alissa Lefebvre's article](#). We also wanted to know whether people with varying levels of financial knowledge view the effects of government spending differently.

While economists like ourselves believe that these spending measures are Europe's best bet to revive a slumping economy, the survey numbers indicate that with greater financial knowledge, respondents are actually less likely to subscribe to this view – or at least to assume that they would stand to profit. The better the results from the questions on financial knowledge, the lower the agreement and the higher the disagreement with the corresponding statement. At least one of these two correlations can be observed in all surveyed countries.

The more people know, the more they disagree with the experts

“My own financial situation will benefit because these expenditures will stimulate the overall economy”. Agreement/disagreement by results from financial knowledge questions



Source: ING Consumer Research

Difference to 100 percent: “Neither agree nor disagree”; “Low” indicates 0 or 1 correct answers out of 5 questions, “Med” indicates 2 or 3 correct answers, “High” indicates 4 or 5 correct answers.

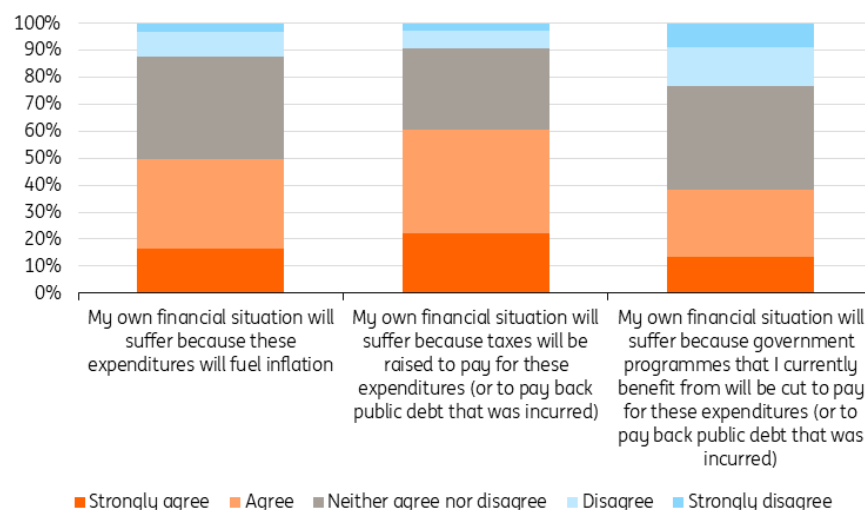
Fear outweighs hope: concerns over inflation and tax hikes dominate

While many are hard-pressed to see how their own financial situation might improve from increased government spending on defence and infrastructure, it seems rather easy for them to imagine how they might suffer from it. Half of respondents fear that inflation fuelled by these spending measures will leave them worse off.

And even though programmes like the ones in Germany are designed to be debt-funded and thus shouldn't need to be paid for through higher taxes up front, that is exactly what more than 60% are wary of. A somewhat smaller share, 38%, also fear that increased spending on defence and infrastructure will lead to budget cuts elsewhere from which they might suffer – a figure that is still 15 percentage points higher than the highest level of agreement with any statement suggesting positive effects.

Consumers believe today's expenditures are tomorrow's tax hikes

“Across Europe, governments are planning to spend more money on defence and, in some cases, infrastructure. To what extent do you believe these additional government expenditures will affect your own financial situation?”



Source: ING Consumer Research

Understanding and addressing concerns is key to maintaining trust

In summary, while economists think that increased defence and infrastructure spending will stimulate economic growth, most consumers remain sceptical about the benefits of such measures. The survey results also suggest that individuals with higher financial literacy are not more likely to agree with the experts, but are in fact less likely to do so.

This widespread apprehension highlights a disconnect between expert economic optimism and public sentiment. As policymakers consider the long-term implications of these expenditures, understanding and addressing the underlying fears among consumers will be crucial for maintaining trust and ensuring effective communication about fiscal policy decisions.

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