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SECURITY AND DEFENSE ARE TRULY A PRIORITY FOR THE MEMBER STATES OF THE EUROPEAN UNION: FACT OR HOAX?

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Received 13 November 2022; accepted 30 January 2023; published 30 March 2023

Abstract. All the often-contradictory hoaxes concerning the European Union (EU) are so-called Euro-myths. They mostly have a negative tone and try to denigrate this institution. Their emergence is caused by the fact that individual states often need more information about what is happening in the EU, and the complex mechanism of the Union's functioning is difficult to understand. Therefore, when the next "EU wants to ban something" comes out, ordinary people tend to take it as a given without verifying the information, ensuring the defence of freedom, independence, sovereignty, territorial integrity, and population belongs to the main objective of each state. Thus, in response to the current political, security and economic situation, countries must earmark, within the framework of their national budgets, a proportion of the available resources to ensure their defence. The aim of this paper, based on current trends in the defence budgets of the EU member states, is to point out, that not only the global economic and financial crisis and the credit and debt crisis in the Euro-area have a significant negative impact on the amount of resources, which individual EU member states earmark to ensure their defence, but, in addition, all these aspects should be precisely understood, bearing in mind, the growing influence of disinformation spread, leveraged by the hoax rising influence.

Keywords: Hoax; Disinformation; Defence; Security; Economy; Defence Expenditure; European Union; Member States

Reference to this paper should be made as follows: Ivančík, R., Nečas, P. 2023. Defence is truly a Priority for the Member States of the European Union: Fact of Hoax? *Entrepreneurship and Sustainability Issues*, 10(3), 73-83. [http://doi.org/10.9770/jesi.2023.10.3\(6\)](http://doi.org/10.9770/jesi.2023.10.3(6))

JEL Classifications: E00, E69, H40, H56

Additional disciplines: political sciences; international relations; information and communication

* *This work was supported by the Agency for the Support of Research and Development on the basis of Contract no. APVV-20-0334.*

1. Introduction

The current institutional structure of the EU's common security and defence policy has developed based on historical developments and external influences that have shaped it so far and is part of the European Union's common foreign and security policy. Prosperity, development, and sustainable growth of living standards have never been in the past so significantly dependent on the level of state and citizen security as it is nowadays in the currently economically interconnected and rapidly changing world in response to the deepening exchange and flow of information, capital, transactions, goods and services, intensive socio-cultural contacts, and legal and illegal immigration, the war against global terrorism (Bučka, Marek, Andrassy, 2018). The emergence of new, especially asymmetric, security threats and their proliferation following the fundamental changes in the worldwide security environment after the end of the Cold War, the fall of the Iron Curtain and the resultant decomposition of the world significantly shaped the view on ensuring defence and security (Bučka, Andrassy, 2017; Procházka, 2018; Majchút, 2018; Belan, Petrufová, 2021; Dubauskas, 2021; Jurčák, Marek, 2022).

In this context, we would argue that the government, probably all the countries of the world, the EU Member States certainly, did not avoid the new requirements on sufficient military capacity and capability disposal as well as the ability to react on the current and newly resurfacing security threats. For these reasons, the importance of defence planning has been increasing in the respective countries; what constitutes a specific process via which each state or coalition of states accomplishes its function of operation and coordination by creating, maintaining and applying inevitable defence capacities for ensuring state defence and meeting international commitments to defend freedom, independence, sovereignty, territorial integrity, the principles of democratic constitutional order and the life and property of citizens (Zůna, Pikner, 2013; Kavan et al., 2014; Kazanský, 2018; Drelich-Skulska, & Domiter, 2020).

The primary objective of this article is to bring a theoretical view of the concept of funding defence as one of the public goods (financed from public resources) in the context of empirical data on defence spending in the EU Member States within interdisciplinary scientific research. The article, via comparison of defence expenditures in European countries, exhibits a possible decrease in the stability of the security environment regarding the reduction in defence expenditure from 2006 to 2018.

Among the main methodological approaches enforced in this study belong the economic theory of public goods, content, comparative, and trend analysis, since its analysis is going to be applied to the expenditure connected with ensuring defence from public resources along with utilizing comparison of defence spending among the monitored states. In the first part of this study, we will concentrate on the theoretical definition of defence in terms of economic theory. In the second part, we will focus on the defence spending in the European Union Member States.

In the processing of this study, we have used as a starting material the works of influential economists Stiglitz (1997), Samuelson and Nordhaus (2022), who claim that nothing is as vital for society as its security and defence. Economy and society can only prosper if the state guarantees these. During the preparation of this article, very useful was also the publications and articles of other reputable authors such as Smith (2017), Kennedy (1983), Horák (1998), Dutta (2005), Hartley (2011) and Soares et al. (2021), who in their works highlight the importance of economies of defence in practice and its impact on society and its security (Pruchnicki et al., 2022). From the domestic sources, we have used mainly work of Holcner et al. (2012), Mikušová Meričková and Stejskal (2014), Medved' et al. (2011), Ivančík (2012), Lasicová and Ušiak (2012) Kazanský (2015), or Hajdúková et al. (2022) which stress the necessity of ensuring national defence and security for the peaceful development of society and the interconnection of the economy and national defence.

In processing the analysis of current trends in defence expenditure, we also used the most recent data from the European Defence Agency (EDA) and Stockholm International Peace Research Institute (SIPRI), confirming the close link between defence and the economy. The issue's importance also lies in proving a direct link between the level of defence spending and the level of stability of the security environment in individual countries and the European Union as a whole.

2. Theoretical basis for the study of defence as a public good

Despite the EU Global Strategy being presented in 2016, there still needs to be a common approach to understanding security threats in the EU. The EU's strategic compass benefits the formation of a "common strategic culture". It is a document of a political-strategic nature, not to replace the Global Strategy but to develop the tasks in the defence and security resulting from it. The analysis of the potential and limits of the Common Foreign and Security Policy of the EU brings knowledge that in addition to systemic factors such as international interactions, the structure of the world political system, etc. and the national interests of the member states, which still play a very important role in shaping the foreign policy of the European Union, factors such as European values, political harmony, Europeanization of values also determine the CFSP. Strong identification of the population and elites with European identity is therefore considered a prerequisite for more substantial support of supranational institutions.

Ensuring defence as a public good and an indispensable part of the public sector is among a state's primary tasks. At the same time, protection also belongs among the fundamental economic activities of the state since, to fulfil these tasks; a state spends a part of its human, material, and financial resources. New security risks, along with the change of character and form of threats, require that the states adopt, except for many political, military, organizational and legislative measures, adequate economic measures as well (Ivančík, 2012). The issue of national defence is also an economic issue (Hitch, McKean, 1960; Grant, 2019; Palavenis, 2020; Becker, 2021; Becker, Dunne, 2021).

History confirms that demands on the economic security of state defence and life protection have constantly been increasing along with the development of human society. Because of that fact, from the overall summary of factors influencing the need for defence, the economy acts as a decisive factor. The economy represents a basis of state defence as it secures it with the necessary resources.

Along with solving the issue of state defence, society must deal with the issue of peaceful state development. Limited and precious economic resources must be divided into peaceful and defensive. Depending on the threat's situation or character, the state must try to optimize the choice between peaceful and defensive expenditures. This fact should get currently even more to the forefront when the consequences of the recent global economic and financial crisis and the currently ongoing loan and debt crisis were added to the list of new security threats of the 21st century. That is why the problems of economic security of defence and its financing require incomparably greater attention than before.

Defence and security should not thus be dependent on market fluctuations. On the contrary, the economic security of defence and state security should be stable since, in times of crisis and uncertainty, the feeling of danger is more intense, and the demand for defence and security increases. From the point of view of economic theory, defence is an integral part of the public sector. One of the first comprehensive definitions of the public sector in our conditions says that the public sector represents that part of the national economy which is financed by public finances, managed, and administered by public administration, is subject to public control and where decisions are taken by public choice (Meričková, 2007; Androniceanu, 2021).

From the perspective of Anglo-Saxon literature, this is also valid in our conditions; the mostly cited work is written by Stiglitz, who emphasizes that in civilized states, the activity and decisions of the government significantly influence the citizens' lives and not only in the field of education, healthcare, housing, or employment but also in the sphere of securing state and citizens' defence, which is ensured via specific public sector institutions (Stiglitz, 1997).

The neoclassical economy is based on the fact that the public sector, financed by public finances, plays a significant role and a constructive task in the economy (Medved' et al., 2011). This was already emphasized by A. Smith, who pointed out the essential functions of the state in the economy, while he regarded the task of ensuring the defence and security of the citizens as crucial. At the same time, the certainty of state interventions for guaranteeing the protection and security of citizens is accented in all consequent economic theories dealing with the issue of the public sector and public finances. If the public sector ensures public goods, the emphasis is on the economic substance, not its institutional manifestations. Public goods have two main characteristics: non-excludability (when it is impossible to provide interest without it being possible for others to enjoy) and non-rivalry (this means that when a good is consumed, it doesn't reduce the amount available for others). Based on this, defence is one of the few cases of pure public interest (Stiglitz, 1997).

Ensuring defence belongs among the typical examples of public goods. The benefit from these goods is so scattered among the citizens that every firm or consumer has the economic motivation to provide them complexly and systematically. In this regard, Samuelson and Nordhaus claim that nothing is more important for society than its defence and security (Samuelson, Nordhaus, 2022). The defence as a collective good cannot be divided into partial units, since each individual consumes it in a bloc. Benefit (utility), what the individual receives from it does not reduce benefit (utility) for the other members of society. Because of that, according to many authors, the marginal costs of additional consumption are in the case of defence zero (Dutta, 2005).

In terms of expenditure, height ensures defence or another collective good, for example, the usage of naval navigation, equal regardless of the fact, if the protection makes use of 999 thousand or 1 million citizens of the state, respectively if around the lighthouse on the coast sail 50 or 100 ships. In the first case, the armed forces of the respective state ensure defence, which serves all citizens of the state and from which it is not allowed to exclude anyone. In the second case, by using naval navigation, the lighthouse shines equally for all ships, which sail along regardless of whether their owners contributed to its construction (Sivák, 2007).

Following the narrow interrelation of the public sector with the state's performance of tasks, defence ensures the output of the security-defence function of the state. In the frame of public sector division, protection, which satisfies the needs of the state and its citizens' security, belongs to the group of society needs segments (Meričková, 2007). From the perspective of public interest is thus defence beneficial for all citizens of the state, as benefit from it has each single citizen. Ensuring public goods represents an economic activity bringing benefit to society, which cannot be left to private entrepreneurship. Considering the aspect of excludability and impossibility of measuring individual consumption, defence, and other similar goods, for example, security, are directly predetermined to be a subject of public financing (Medved' et al., 2011).

More than private initiative is required in these cases. At the same time, it is highly improbable that people provide, based on voluntariness, sufficient resources from their pensions to ensure defence or other public goods. Therefore it is inevitable that the state secures these from public resources. As the state decides within its performance of functions on the fields, to which, including defence, a disposable part of resources will be channelled, and ensures that goods and services, which the state buys for securing its defence, are truly produced and realized.

Claims on economic securing of liberty, independence, sovereignty, and territorial integrity of a state, but also the lives and property of citizens have been permanently increasing with the development of human society, and the economy has gradually become a decisive factor in securing defence. The dependence of building military state power on the economy has steadily become a lot stronger than before because it is proportional to the possibilities of the respective state economy, i.e. the size of gross domestic product, the rate of economic growth, the rate of work productivity growth, its sectorial and spatial structure, its elasticity and ability to react on the newest trends in the field of scientific and technological development and the recent years also on the changes resulting from globalization and its adverse impacts on defence and security (Ivančík, 2012).

Economy, in the case of defence, defines the possibilities of a country, especially in the field of building and forming armed forces, their structure, quantitative and qualitative level of military and civil personnel, quantity and quality of armament and equipment, training, technical preparation, material maintenance, possibilities and means of conducting an armed struggle or securing defence etc. The power of the country's economy significantly influences the economic and material maintenance of securing defence, preparation, and course and, to a considerable extent, the overall outcome of an armed struggle. The economic development of a country, resp. a coalition plays a decisive role by creating military-strategic conceptions which must respect real financial possibilities (Šefčík, 1999; Komarek, Wagner, 2021).

Ensuring defence also has a backward impact on the economic development of society, as it withdraws society a huge part of means and powers, which are consequently in a national economy not being used for the production of new peaceful economic goods (grocery, automobiles, electronics, furniture, clothing, medicaments etc.), but for purchasing and introducing new types of armed technique, weapons, weaponry systems and their modernization and maintenance.

3. Actual developments in defence spending in EU countries

The banking sector crisis and the subsequent economic and financial crisis, which broke out first in the United States of America (USA) and then expanded to the entire world, started a period of an economic recession that does not have any equivalent since the Second World War, with no exception of the USA no-one could escape the negative impact of the global economic and financial crisis, gradually because of the deepening globalization, including the EU Member States. The same applies to the coronavirus pandemic, which has engulfed the world and brought about a slowdown in economic growth and a number of economic problems with severe repercussions on state budgets.

Considerable reduction of the rate of economic growth, increase in the unemployment rate, development of budget deficits, worsening of paying the balance and other negative impacts of the crisis caused each government to and still has to via public expenditure adopt more penetrative or slighter economic, but also political and legislative measures in order to mitigate the impacts of the crisis. One of the first steps to which most countries have resorted is consolidating public finances by introducing restrictive financial measures concerning the state budget. From the economic point of view, the reasons are clear: decreased economic activity leads to reduced state budget income.

Budget mathematics is also ruthless. Dropouts on the side of income bring dropouts on the side of expenditure. Planned and in advance, approved budgets seem because of this reason as unsustainable and if the respective states within responsible fiscal policy do not want to increase their debts and via subsequent loans compensate the dropouts in income, they must execute cuts. Although unpopular, but inevitable, as the use of foreign loans for financing expenses in state budget incomes would not bring anything else but an increase in the countries' foreign debts, which represents an unwanted and, from the long-term point of view, unsustainable phenomenon.

Therefore, cuts are necessary, especially in the respective countries' fields that are not regarded as priorities. In most states, including the EU Member States, the first victim of saving became the expenses for ensuring defence. However, only in some countries. In some of them, security has remained, despite the crisis, a priority, as economic securing of protection should also be in times of crisis stable since in times of crisis and uncertainty, the feeling of danger is more intense and the meaning of securing defence increases.

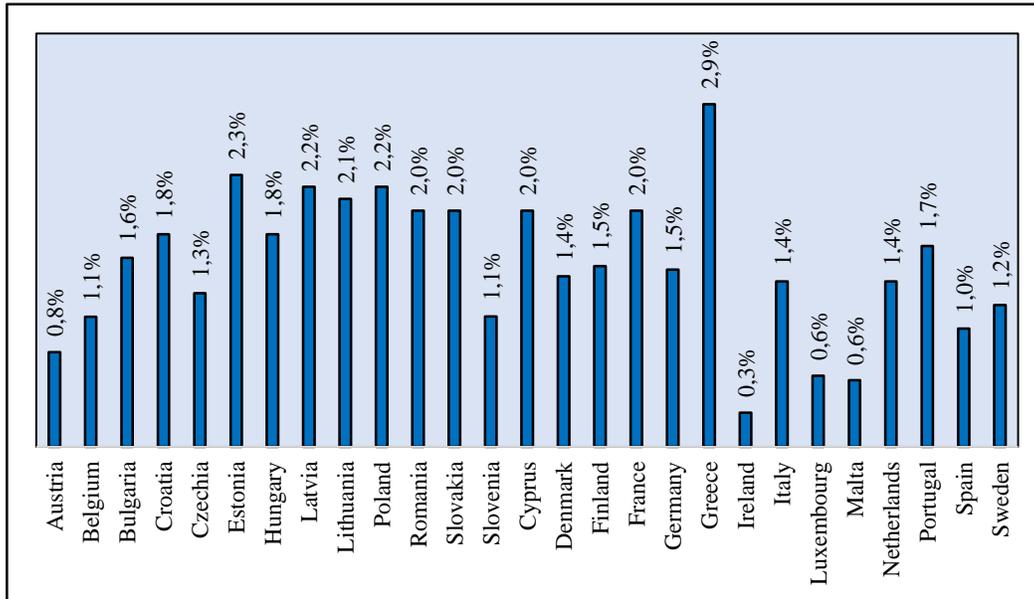


Figure 1. Defence Spending in the EU Member States in 2020
(as % of GDP)

Source: EDA, 2022

The above Figure 1 clearly shows that the differences between the Union member states are pretty substantial. Total average defence expenditure in EU Member States in 2020 reached 1.4% of GDP. However, the problem is not only a lack of spending on defence, but an even more significant problem is that this level (except for 2009, when there was a considerable decline in GDP because of the impact of the global economic and financial crisis and in last two years) is decreasing in recent years (see Figure 2).

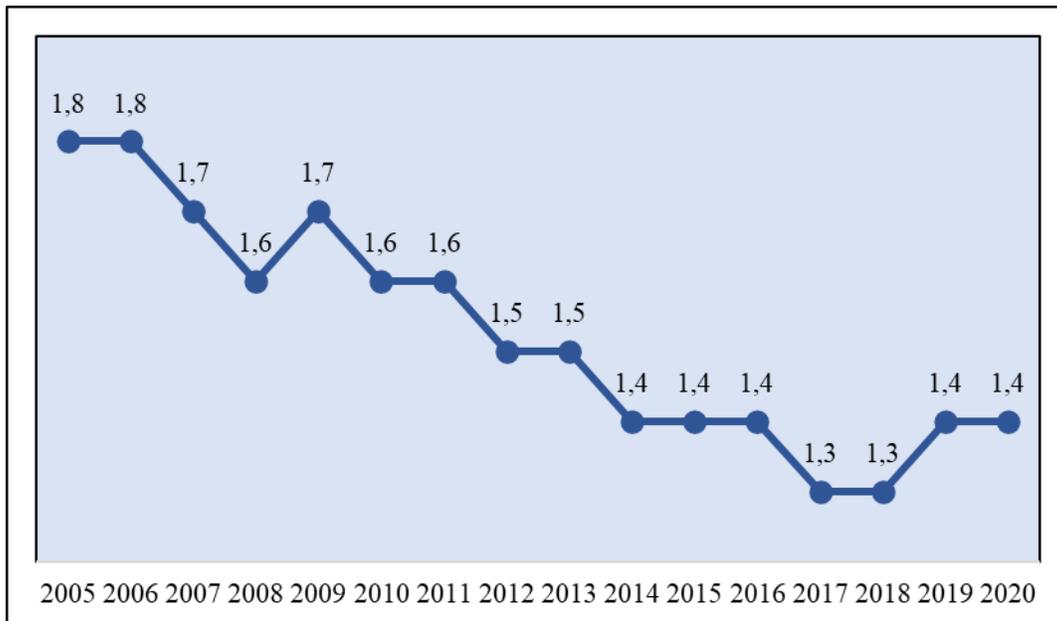


Figure 2. Defence Spending in the EU Member States in the Period 2005-2020
(as % of GDP)

Source: EDA, 2022

Based on Figure 2, it can be said that the downward trend of defence expenditure it can no longer be directly associated with related to the global economic and financial crisis or debt and loan crisis, although, in most member countries, the crisis could have an impact on the increasing difference from the boundary of 2% of GDP, to which those European Union member states, which are also NATO members, committed (Androniceanu, 2019). In the case of some mentioned countries, it can also be said that they use or (according to some security experts and politicians) abuse the benefits and advantages of collective defence within the Alliance and Union.

The NATO Secretary General expressed the problem mentioned above during his visit to Slovakia. He said, "It is understandable that increasing the defence budget is not easy, and increasing the resources for the armed forces is currently very sensitive. However, the ongoing crisis in Ukraine demonstrates that defence is still extremely important." He emphasized: "Defence costs something, but if it was not secured, it would cost even more". At the same time, in this regard, the chief of the North-Atlantic Alliance appealed to the mainly European members of the Alliance to meet their commitment to spending 2% of GDP on defence.

Proponents of the approach based on the (1) acceptance of their own responsibility for security in Europe and (2) the end the reliance on the United States displease figures referring to the level of defence spending as a proportion of total government spending in European Union member states (Figure 3).

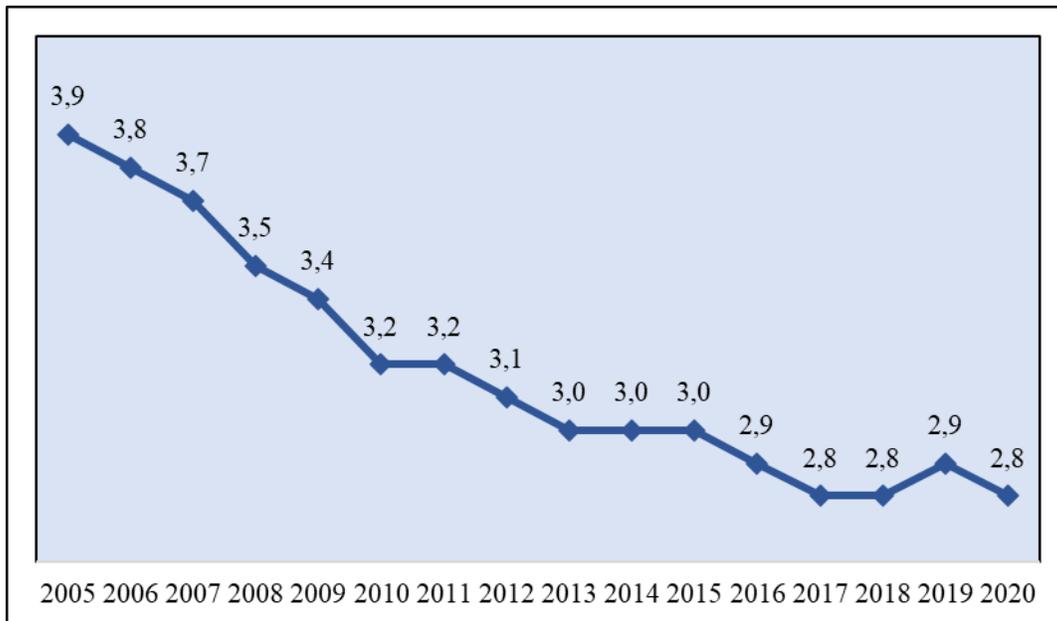


Figure 3. Defence Spending as a Proportion of Overall Government Expenditure in EU Countries in the Years 2005-2020 (in %)

Source: EDA, 2022

On this graph, it is possible to observe the impact of the global economic and financial crisis and the credit and debt crisis in the euro area countries on the defence budgets. According to the data, the decreased performance of the economy during a recession brings a smaller volume of GDP and, thus, a noticeable drop in defence expenditure. On the other hand, making excuses for the lingering effects of the global financial crisis and other financial crises does not stand up because Figures 2 and 3 show that in the countries of the Union, defence spending fell even before the outbreak of the situation as mentioned above, which just goes to show that the defence and security are not a priority in the Union. A small positive was at least a slight increase in defence spending in 2019 by one-tenth of a per cent. The following year, however, there was a decline again (Figure 3).

The analysis of the trend in defence expenditure development, following the above listed, thus points out the fact that over the years (from 2005 to 2018) there has been a significant drop in defence expenditure, and this is true towards the GDP as well as in terms of proportion to total government expenditures, in the economically and militarily strong and by area and population size big countries as well as in the traditionally, economically and militarily not so strong and by area and population size not so big EU Member States. Their defence budgets are thus still far from the 2% of GDP threshold, which is generally considered an adequate level of defence spending.

The European Commission (EC) announced recently that 61 projects of cooperation in research and development in the field of defence, which were selected based on the first calls for proposals under the European Defense Fund (EDF), will be supported with an amount of almost 1.2 billion Euros. The TASR reporter informs about it. EDF has selected funding proposals to support projects of cutting-edge defence capabilities, such as the next generation of combat aircraft, tanks and vessels, as well as critical defence technologies such as military cloud, artificial intelligence, semiconductors, space, cyber or medical countermeasures. The fund also supports breakthrough technologies, especially in the field of quantum technologies and new materials, where it will take advantage of promising small and medium-sized enterprises and startups. EC Executive Vice-President for Digitization Margrethe Vestager said that financial support for selected projects shows that cooperation in the defence industry in Europe is possible and even on a wide scale.

Conclusions

Increasing demands of defence on the economy, influenced by mainly political, security and military factors, impact restricted possibilities of the economy. Still, despite that, the current character of defence requires that the respective states, alternatively coalitions, concentrate on securing the demands mentioned above of defence and also on the protection of their economic resources against attacks of opponents and, at the same time, exploit all available means to weaken his economic strength. Mutual relations of defence and economy have been permanently developing and deepening and are gradually narrower and interconnected. Therefore, the defence issue currently requires more interest than before due to the Russian aggression in Ukraine.

Except for dynamic changes in other fields, changes also occurred in the economic securing of defence. The above-listed graphs confirm that the global economic and financial crisis has unquestionably harmed obtaining protection and singling out expenditure for security from the state budget of the respective states. Based on investigating several available relevant information, facts and characteristics, it is impossible to conclude one definite deduction that precisely the crisis represents the main reason for what, in the majority of the EU member states, a drop in defence expenditure has occurred.

As it was indicated above, the global economic and financial crisis or debt and loan crisis cannot be marked as the main trigger of decreasing defence budgets in EU member states since decreasing tendencies in defence expenditure development have significantly manifested themselves in a majority of countries for a longer period, not only in the period after the outbreak of the crisis. Other factors also influenced the drop in defence expenditure. In terms of economic theory, some countries took the position of "free riders" and began to rely more on the fact that the other members of the European Union or North-Atlantic Alliance would account to pay. It is clear that in many countries, a change in their defence policy occurred after the removal of the immediate threat of conflict between the East and the West in Europe on European territory and other countries changed the attitude of their political representation, which by the non-existence of direct military threat were not able to enforce that height of means in their national parliaments by voting on the state budget. And from the above graphs and data, it is clear that they have not been able to do this in recent years when there has been an actual deterioration in the global and continental security environment and the growth of security threats. At the same time, this means that their armed forces do not have sufficient resources for more extensive modernization and the training and maintenance of all military capabilities and capacities built up to that time.

The analysis of defence expenditure trends in EU member states results that while among some members securing their individual and collective defence and national as well as European Union interests also remained despite the crisis a high priority, among some members of the Union, the defence has gradually stopped to represent a priority and defence expenditures have become after the breakout of the global economic and financial crisis and during the loan and debt crisis the first victim of saving. Reduction of defence budgets in the majority of EU member states has also fundamentally influenced the overall trend of defence expenditure in the European Union as a whole since the reasons are not only economical but also political, and they are narrowly connected with the shortage of cohesion of the entire EU defence strategy within Common Security and Defence Policy.

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Funding: This work was supported by the Agency for the Support of Research and Development on the basis of Contract no. APVV-20-0334.

Author Contributions: The authors contributed equally; they have read and agreed to the published version of the manuscript.

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