

# How Should the Czech Republic Finance Increased Defense Spending: An Economic Perspective

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## Summary

The increase in defense spending is likely to be long-term. From a purely economic point of view, it is optimal in such a situation to finance the increase in defense spending by increasing taxes. The later taxes are raised, the less efficient the financing of these expenditures will be. The guiding principle is to try to spread the tax burden evenly over time. On the other hand, due to its high inefficiency, financing the increase in defense solely through increased public budget deficits—and thus rising debt—cannot be recommended.

Original study in Czech „Z čeho má Česko platit vyšší obranné výdaje: ekonomický pohled“ [➤](#)