

TRUTH AND LIES IN THE 2013 SPANISH MILITARY BUDGET



JUSTÍCIA I PAU

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Centre d'Estudis per la Pau J.M. Delàs · Justícia i Pau
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EXECUTIVE SUMMARY

The Spanish Ministry of Defence's (MoD) economy is in an untenable situation. The Ministry itself considers that the PEAS debt reaches € 32,000 million. The R & D credits from the Ministry of Industry continue to accumulate a debt of inconceivable dimensions. Currently the loans granted to military companies amount to € 15,559 million. If the situation continues as proposed in the 2013 budget, the Ministry of Defence will face a situation of technical insolvency and a debt that sooner or later will become public deficit.

The main cause of the unpayable debt of the MoD is the Special Arms Programs (PEAS), weapons that in truth have little strategic value to the real needs of the defence. Furthermore, the vast majority of these weapons will end up their life without ever having entered combat. In the 2012 budget only € 4.95 million were contemplated for the PEAS payment when there was a € 2,370 million commitment. To provide a solution to this issue, the Council of Ministers passed throughout the year an extraordinary credit of € 1,782.7 million to meet the commitments of the PEAS. The 2013 budget contemplates € 6.8 million. Does this mean that the 2012 situation will repeat itself? We are facing a clear case of budget fraud to deceive the political opposition and public opinion which consists of insufficiently allocating some parts of the budget and then increasing them through various accounting mechanisms. If these contracts are not partly cancelled and purchases reduced, debt will increase every year until it reaches incredible figures.

According to the Spanish Government, in 2013 the MoD budget (€ 6,913.6 million) falls by 6.7% compared to 2012. However, the real military expenditure planned for 2013 is of € 16,492 million, twice the amount the government states. Regarding the military spending in 2012, the decrease compared to the previous year is of only 3.15%. Military expenditure in 2013 will mean 1.55% of the country's GDP. The items that will suffer a bigger setback are contributions in military R & D (52%) and arms investments (43%), although it expects an increase in especially the latter throughout the year. Military overseas operations, which every year receive a meager contribution of € 14.36 million, will surely see their budget raised by more than € 700 million. Thus, we can state that there are resources to increase the armed forces budget and there are none to increase social or development of the productive economy expenditure items.

Military expenditure hinders the growth of the productive economy. To move from a defence economy to a productive economy, Spain must initiate troop reduction programs and a workforce adjustment plan, as some European states around us have already done. On the one hand, military spending creates debt and public deficit; on the other, it prevents monetary capital and capital good resources from flowing to the real and productive economy.

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INTRODUCTION

The huge crisis Spanish society is experiencing is largely caused by a *real estate bubble* which, fueled by the speculative greed of financial institutions, dragged the rest of the sectors of the country's economy to recession. But at the same time, we can speak of an *arms bubble* that has been inflated by the mismanagement of the various governments that have led the Ministry of Defence in the last fifteen years. It is an arms bubble that especially contributes to raise the military spending in Spain and is reflected in the 2012 military budget management and the 2013 proposal.

The aim of this report is to show the reality of the Spanish military budget and how every year the Ministry of Defence hides in other ministries' items more than half of the military budget. NATO sets certain criteria on how to account for military spending. The Study Centre for Peace J.M. Delàs, besides these criteria, adds the amount corresponding to the debt and the estimated difference between the initial cost and the one settled at the end of the year.

This year, in the context of crisis and the relevance of the debt and deficit in public budgets, we first point out the impact of military spending on the final amount of public debt and its negative effect on social spending. In a second chapter, we analyze the case of the Special Arms Programs (PEAS), which are those that inflict the greatest impact on the accumulated debt of the Ministry of Defence, leading it to virtual bankruptcy. Special emphasis is given to the alarm created by the

granting of an extraordinary credit, not computed inside the initial budget for 2012, intended for the payment of the PEAS outstanding debt because this situation is likely to happen again in 2013. In the third part of the report the traditional analysis of the military budget of the year in question will be presented. It includes tables of the military expenditure planned for 2013 comparing it to the evolution of the previous year, and also a table with the most relevant indicators of the Spanish military spending. Finally, there is a concluding reflection on the need to move from a defence economy to a real and productive economy to cope with the budget items devoted to social needs ever more pressing in the Spanish state.

The report's working methodology consists of a detailed analysis of all military budget items identified by the major defence agencies, which appear in the 2013 State Budget's draft filed on September 29th 2012 in the Spanish Parliament by the Government.

1. STATE DEFICIT AND WEAPONS

Spain's public deficit has reached the figure of € 80,000 million (7.6% of the GDP). The budget just presented for 2013 offers a deficit reduction of € 13,400 million to meet the 4.5% commitment agreed with the EU. To achieve this, the Government proposes an 8.9% average spending cut in all ministries. However, this reduction does not affect all spending policies in the same way. Thereby, those ministries which should be the engine to boost competitiveness and

Defence Minister Pedro Morenés recognized a debt of € 26,692 million due to the PEAS, which including interests amounts to € 32,000 million

the productive economy growth are those with greater cuts: the Ministry of Public Works is reduced by 11%, Industry and Energy 21.3%, Agriculture and Environment 25.4%. Regarding social spending policies, the most outrageous reduction affects the promotion of employment, which falls 34.6%, education (14.4%) and development cooperation (23%).

But what about the important debt accumulated by the Ministry of Defence for purchasing Special Arms Programs (PEAS)? How does this debt affect the Defence budget for 2013? Defence Minister Pedro Morenés recognized¹ a debt of € 26,692 million due to the PEAS, excluding interests generated during the process –the Ministry itself considers that the debt amounts to € 32,000 million.

This debt came after the rise to power of the Popular Party (PP) in 1996 and the new minister of Defence, Eduardo Serra, who had previously been Secretary of State for Defence with the socialist party PSOE. He encouraged the acquisition of big programs of new weapons (the PEAS), which gave continuity to other programs already initiated in the previous stage of Felipe González's government with the objective to adapt the military to the needs imposed by Spain's joining to NATO. These large arms programs (Appendix Table 1) caused a significant increase in the military expenditure due to the commitments with large military companies (EADS, Navantia, Santa Bárbara, Indra, ITP, Eurocopter, Amper, Sener...) to 30 years away (until 2025).

These huge investments could not be accomplished without significantly increasing the budget of the Ministry of Defence, and this had a high political cost for the PP because starting a new legislature by significantly increasing military expenditure would not be well received by the Spanish public opinion. The solution was provided by the *Cooperating Management* from the Ministry of Defence through a *creative accounting* formula, a three-way agreement: the Ministry of Industry would

grant the military industries R & D zero-interest credits due in 20 years on account of the arms purchases; the Ministry of Defence would return the loan to the Ministry of Industry when arm payment took place; and the industries would receive a credit which was actually meant to help in the arms development. Thus two more purposes were achieved: not increasing the military spending of the MoD and helping to increase the R & D contribution, one of the lowest among the OCDE countries.

The situation went on after the PSOE's election victory in 2004 and continued in 2011 with the current government of Mariano Rajoy. In this way, the R & D credits granted by the Ministry of Industry have not stopped to accumulate a debt of unusual proportions. Today, the loans granted between 1997 and 2012 to industries total € 15,559 million. For 2013 the budget contemplates to contribute with € 218 million more (Table 2 in the Appendix). What amount has been returned? This is a well kept secret. In 2009, € 14,400 million were owed², that is, the total of the R & D credits. Of course, they are 20-year loans and can still be returned, but judging from the meager amounts reimbursed, it is logical to fear that they will continue as unpaid debts.³

But this outlook was exacerbated by the arrival of the economic crisis in 2008 and the resulting cuts imposed by the Government to reduce the deficit. The budget cuts also affected the Ministry of Defence, which has been unable to meet the payment obligations of the PEAS with the military companies, nor the refund of the R & D credits to the Ministry of Industry.

In short, the financial engineering designed in 1996 to implement these major weapons programs by granting loans to industries has become a double-edged sword, because if the Government chooses to forgive that

The R & D credits from the Ministry of Industry continue to accumulate a debt of inconceivable dimensions. Currently the granted loans amount to € 15,559 million

1. Congress of Deputies 09/20/2012

2. Constantino Mendez, Secretary of State for Defence, talking to the Defence Committee of the Congress of Deputies 10/06/2010

3. In June 2008, a parliamentary question by was ICV-IU was answered by stating that € 81.4 million had been already returned.

absurd debt between ministries, the € 15,000 million will swell the State public deficit, which would violate the 4.5% commitment of the EU for next year. If they continue, as proposed in the 2013 budget, the Ministry of Defence would plunge into a situation of technical insolvency and perpetual debt.

2. SPECIAL ARMS PROGRAMS

And what kind of weapons are we talking about? These are weapons that in truth have little strategic value to the real needs of the defence. Some of them because they were designed for war confrontation between states or foreign invasion, like the armored vehicles Leopard and Pizarro, and the Eurofighter (EF-2000) aircraft. The armored vehicles can only operate in open areas without major orographic obstacles; in the case of the Iberian peninsula, crossed by large mountain ranges, they are not very useful outside the central plateau, some depressions and cities, and in Europe they are only useful in the great central plains. EF-2000 fighters were originally designed as air-to-air aircraft, to shoot down enemies, though they were later adapted as fighter bombers and they can now launch missiles at ground targets. It can be said that armored vehicles and fighters EF-2000 were designed for the already finished stage of the Cold War, when Europe feared an invasion from the Warsaw Pact, whose armored vehicles outnumbered those of NATO at the time, and also to face air attacks.

Then there are the Tiger and NH-90 attack helicopters, and the transported 155mm howitzers. Along with the armored vehicles, the EF-2000 fighters and all associated missiles, some of the in production and not yet operational (the NH-90 and the 155mm howitzer), they have never been displaced in the armed forces foreign missions, in the self-styled *peace or humanitarian missions*, in Bosnia, Kosovo⁴, Afghanistan

4. In the attacks that took place against Yugoslavia, in 1999, two F-2000 were moved to the NATO base in Vicenza, but apparently the only held support and reconnaissance missions.

or Lebanon. That is, they have never been in combat and will hardly be in the future, because in those missions the Spanish forces conduct reconstruction, assistance and support activities, and even in combat, they do not take responsibility for the attacks and therefore are not equipped with the appropriate combat equipment. Thus, these PEAS, which will never enter combat, will finish their useful life after being in service for 20 or 30 years and become obsolete. This is the case of the only aircraft carrier of the Spanish Armada, the Príncipe de Asturias, commissioned in 1988, and that today, to keep it active, needs a modernization that would require an investment of € 400 million, more than what it costed at the time (€ 350 million), to which € 30 million a year must be added as maintenance expenditures. All this has forced the aircraft carrier to be anchored at a dock until a decision about its situation is made.

Finally, there is a whole host of different warships: F-100 frigates, S-80 submarines, supply and maritime action ships, and the 27,000 ton ship of strategic projection (BPE). Apart from the frigates, which have been displaced in Operation Atalanta at the Somali coast and the Indian Ocean and in support missions in the war against Libya. But the huge BPE TM 27,000, with the pompous name of Juan Carlos I, is the largest ship of the Spanish Armada and will only serve to project large arms and men movements to distant places, which –as the name *strategic projection* indicates- will take place only when the interests of Spain are at stake. Something similar happens with the A400M plane, a unit for air transport of large capacity able to move troops over long distances. This aircraft is still under design, not production, and to date, due to delays, it has cost the Spanish treasury € 750 million in aid to the manufacturer Airbus Military from the group EADS.

Regarding the strategic value of these weapons within the schemes of the *national defence*, most of them meet only one hypothesis: to *deter* a possible enemy attack in the Spanish territory. Working on this assumption, the next question arises: What are the risks

Payment of major weapons programs can drive the Ministry of Defence to a situation of technical insolvency and perpetual debt

The PEAS are weapons that in truth have little strategic value to the real needs of the defence. Most of them will end up their life without ever having been used and will be obsolete in 20 or 30 years

The military transport aircraft A-400 hast cost the Spanish treasury, only in aid to the manufacturer Airbus Military from the group EADS, € 750 million

The Council of Ministers passed on September 7th an extraordinary credit of € 1,782.7 million to meet the PEAS commitments

We are facing a clear case of budget fraud which consists of insufficiently allocating some parts of the budget and then increasing them through various accounting mechanisms

and threats that hover over Spain? Only in terms of these premises would the major arms procurement projects be justified. Elaborating on this issue, we would have to agree that there are not risk possibilities coming from the north. Spain belongs in the EU, an entity that was originally created to prevent the risk of conflicts between its member states and that today makes it unthinkable for a war between states to happen inside its borders. The other more problematic issue comes from the southern Mediterranean. Threats do not exist. There has never been a country from this area that has made threats against Spain, at most there has been land claims by Morocco on Ceuta, Melilla and the small islets scattered in front of the Moroccan coast which, except the unfortunate incident of Perejil (2002), where the military force was chosen to resolve the conflict, Morocco's demands have always been successfully offset with good diplomatic practise from the Spanish government.

Going back to the PEAS, due to the budget adjustments that have been applied to the Ministry of Defence since 2009, the Defence investments have been significantly reduced and, within them, the PEAS have been those who have suffered a bigger cut, both in the contributions they receive as credits (or grants) in R & D from the Ministry of Industry (Appendix Table 2) as well as in payments from the Ministry of Defence granted to different companies (Appendix Table 3). However, to not pay does not solve the problem since these are golden parachutes, that is, there are commitments to military industries that Defence cannot ignore. For this reason technicians from the Ministry alerted that not paying would mean a renegotiation with the companies and the postponement of the maturities with a projected debt for 2015 of € 36,876 million, and they advised to increase the investment chapter in € 1,500 million a year, to defer payments until 2040 and, also, to write off the R & D credits from the Ministry of Industry to reduce debt.

Thus, in the 2012 budget, only € 4.95 million were recorded when there was

a payment commitment of € 2,370 million. In order to solve the issue, the Council of Ministers passed on September 7th an extraordinary credit of € 1,782.7 million to meet the PEAS commitments. In the 2013 budget there is a similar figure proposal: € 6.84 million. This begs the question: Will it happen the same as in 2012 and will there be more credits granted in the middle of the year to pay the weapons? The Defence secretary, Pedro Argüelles, answered already by stating that he does not rule out using extraordinary credits again to face the PEAS payments.⁵

In short, we have here a clear case of budget fraud in order to deceive the political opposition and public opinion which consists of insufficiently allocating some parts of the budget and then increasing them through various accounting mechanisms.

The accounting gimmicks only make the debt larger and increase the difficulty of the problem. Because if the contracts are delayed, there will be a raise in the interests on arrears. This year, Defence has agreed with Airbus Military (EADS) the delay in the delivery of 15 Eurofighter fighters until 2015, and the same is being done with the rest of the PEAS. However, this is not enough, we must have the courage to eliminate some of those contracts and to reduce the number of acquisitions, even if it represents the payment of compensations to companies. Otherwise, the debt will increase every year until reaching implausible figures.

3. THE 2013 MILITARY BUDGET

The budget of the Ministry of Defence falls as a whole 6.7% (€ 6,913.6 million) in comparison to 2012. This is true if one only takes into account the consolidated expenses of the Ministry and the Autonomous Institutions, because if we add the costs of the military servants, the military mutual insurance, the contributions to international military organisms,

5. Defence Commission of the Congress of Deputies (10/08/2012)

the Civil Guard and the military R & D credits from the Ministry of Industry, the amount is doubled and amounts to € 13,708.3 million. If we also add the proportionate share of the interests of the debt of Defence, which all together, and due to the economy's bad shape, grow in an important way (33.7%), and we consider the extraordinary contributions that are produced throughout the year –in the last 10 years, an average of € 1,398 million-, we can say that the real military expenditure planned for 2013 reaches € 16,492 million, representing a 3.15% decrease compared to the previous year (Table 1).

These figures, translated into indicators, represent a daily military spending of € 45.18 million, equivalent to € 359 per capita per year, 1.55% of the GDP and 4.32% of the total 2013 budget (Table 2). The budget items that suffered the biggest setback are the contributions to military R & D, 52%, but still they receive € 363.4 million for research on new weapons, and investments in weapons recoil a 43% and receive € 551 million.

Table 1. The initial military expenditure in Spain (years 2012-2013)
(in millions of current euros)

Concepts	2012	2013	2012-2013
Ministry of Defence	6,316.44	5,937.00	
Autonomous Organisms of the Ministry of Defence	1,095.30	976.65	
Total Ministry of Defence	7,411.74	6,913.65	-6.72%
Military servants	3,344.35	3,352.97	
ISFAS (other ministries)	577.52	549.18	
Civil Guard (Ministry of Interior)	2,733.52	2,659.18	
R & D credits (Ministry of Industry)	582.77	218.15	
International military agencies (Ministry of Foreign Affairs)	14.95	15.20	
Total Defence NATO criteria	14,664.85	13,708.33	-6.52%
Public Debt Interest	1169.78	1385.38	
Total Initial Military Spending	15,834.63	15,093.71	-4.68%
Initial/liquidated difference	1,194.61	1,398.73 *	
FINAL TOTAL MILITARY DESPESA	17,029.24	16,492.44	-3.15%
Final military spending / GDP	1.62%	1.55%	
Initial Military Spending / Total State Budget	4.75%	4.32%	

Source: Own calculations compiled from the State Budget.
*Estimate calculated as average of the period 2003-2012.

We must have the courage to eliminate some of those contracts and to reduce the number of acquisitions, otherwise the debt will increase every year until reaching implausible figures

The real military expenditure planned for 2013 reaches € 16,492 million, representing only a 3.15% decrease compared to the previous year

In 2013 the daily military spending will be of € 45.18 million, equivalent to € 359 per capita per year, 1.55% of the GDP and 4.32% of the total year budget

Table 2. Main Indicators of military spending in Spain

(in current euros)

Indicators	2012	2013
Daily military expenditure	46.65 million	45,18 million
Annual military spending per capita	€ 368	€ 359
Military expenditure / GDP	1.60%	1.55%
Military expenditure / total budget	4.70%	4.32%
Variation military spending	-6.33%	-3.15%
Military investment	1,365.52 million	769.18 million
Military investment / total investment	9.23%	5.90%
Variation military investments	-31.12%	-43.68%
Total military R & D	756.82 million	363.44 million
Military R & D / Total R & D	11.83%	6.13%
Variation military R & D	-24.38%	-52.03%

Source: Own calculations compiled from the State Budget.

The staff represents 66.6% of the total expenditure of the Ministry of Defence

The staff costs, a much less elastic item, has been barely reduced in € 166 million (Table 4 in the Appendix). Thus, the staff represents 66.6% of the total expenditure of the Ministry of Defence. This decrease in personnel expenses is the result of not replacing the 3,562 vacancies of those who will finish their contracts in 2012 and 2013 and that will now be reduced to 122,979 members.

The costs of army maintenance services are also reduced and in 2013 they fall a 18%. This will seriously affect the operational capacity of the forces, which will be reduced to minimal functions. For example, flight hours will be reduced from 85,000 to 65,000, 50% of the vehicles will not work because of the lack of fuel and military exercises will go from 1,400 to 650.

Meanwhile, current transfers not only continue, but they grow compared to 2012. However, their aim differs, since they transfer resources to inter-

national organizations and supply to various public and private agencies, such as INTA, an autonomous institute devoted to military research and in turn, it can allocate aid to military industries and alleviate in a way the limited consignment in weaponry R & D investments.

Investments (Chapter 6) are only the 7.9% of the total of Defence, but as we have indicated, the reduction is misleading, since it may well happen the same as in previous years (Table 3), when in the end transfers and extraordinary credits were granted. It is the case of 2012, in which € 1,827.7 million were dedicated in addition to investments in arms. This is also the case of other items such as military operations abroad, euphemistically called of *peace maintenance*, which each year receive a meager sum of € 14.36 million (Table 5 of Appendix), and which in April 2012 were granted a supplement of € 753 million. It is an item that has already earned an unfavorable report from the Court of Auditors, which accuses the Ministry of Defence of *lack of rigor* when preparing the budget, because in the last four years it has been settled with raises that exceeded € 700 million. Another item subject of questioning should be that of the Ministry's own revenues, € 243 million, as they have a controversial origin because they either come from the sale of obsolete weapons or the sale of public assets in the hands of the Ministry of Defence. This Ministry is one of the largest owners of state property, barracks, houses, shooting ranges, various bases and installations throughout the country. In recent years, different governments have authorized the sale of much of its patrimony, which means the entry of revenues in the budget and intended mostly for the purchase of arms.

The Court of Auditors accuses the Ministry of Defence of lack of rigor when preparing the budget, because in the last four years it has been settled with raises that exceeded € 700 million

Table 3. Defence Budget Amendments 2012

(in millions of current euros)

Extraordinary credits	1,827.77
Expandable items	753.09
Transfers	2.80
Revenues generated by the Ministry	243.08
Total	2,826.74

Source: Own.

These modifications –every year over € 1,000 million- have reached so far in 2012 € 2,826.7 million, representing an increase of 27.6% on the initial budget. Therefore, the announced Defence budget cut of 8.8% compared to 2012 turns out to be a resounding falsehood. We can state that there are resources to increase the armed forces budget and there are none to increase social or development of the productive economy expenditure items.

4. FROM A DEFENCE ECONOMY TO A PRODUCTIVE ECONOMY

The armed forces were created to defend the state/nation from external aggression. Today wars between states have decreased significantly, especially among industrialized countries. Therefore, why go with the inertia of the past and maintain large armies when there are not any threats that hover over the state? Furthermore, the concept of security has changed in an important way in recent years. In 1994, the United Nations launched a new security concept, *human security*, displacing the old security approach focused on protecting states. This concept puts people as the central subjects of security, with a new approach that warned that security threats come from environmental, economic, food and politics and community crisis and that, to put a remedy to it, it should implement human development policies in education, health, human rights and reduction of economic inequalities.

True, there are new risks and threats, perceived in multifaceted areas such as climate change and its consequences translated into droughts and natural disasters that may involve massive

migrations. Organized crime gangs who traffic in drugs and people, cyber attacks or international terrorism are also security threats. But neither can be fought with aircraft carriers, tanks or fighter jets. Why does the UE need 1,800,000 soldiers? Why does Spain maintain 126,000 troops? There should be programs of troop downsizing and a staff adjustment plan as the ones some European states around us have initiated: Germany, 40,000 troops less by 2014; France, 54,000 by 2016; United Kingdom, 20,000 by 2020, and Italy, 33,000 less in 2024. National armed forces, with the creation of regional estates with political power, no longer make sense, because if the decision centers are increasingly moving away from the states, it is necessary to look for a common security at a regional scale, creating associations of states that share security. In the case of Spain, it should be done together with the EU and the Mediterranean countries, creating opportunities for cooperations in all fields, political, commercial, security and development, ultimately, of solidarity between peoples in order to ensure regional and global peace.

As the main argument to defend military spending, apologists of armed defence put forward the huge benefits arms production brings to the national economy due to the transfer in R & D to the production of civilian goods. This has been proven in a few cases and, on the contrary, it has been proven that military expenditure hinders the growth of the productive economy. On the one hand, as illustrated by the PEAS, military spending creates public debt and deficit; on the other hand, it prevents capital resources –money and goods- as well as manpower and technological

The announced Defence budget cut of 8.8% compared to 2012 turns out to be a resounding falsehood

There should be troop downsizing programs and a staff adjustment plan as the ones some European states around us have initiated

Military expenditure hinders the growth of the productive economy because it creates public debt and deficit and it prevents capital resources –money and goods– from flowing towards the real and productive economy

knowledge from flowing towards the real and productive economy. In addition, civil products are exchanged in markets, whereas arms are not, since they do not follow the laws of the market and are directly purchased by the states. Also, a reminder about the Spanish military industries that have favorable treatment from the state with the credits (subsidies) in R & D. This dependency is forcing companies to no exercise control over the costs of weapons, which leads to a final price increase. This can be seen in Table 1 of the Appendix, where the initial PEAS cost is compared to the actual cost to date.

The civil society entities that propose an “audit” of public debt in Spain have, in the huge debt of € 32,000 million incurred by the acquisition of arms, strong arguments to ask for political responsibilities, and why not, the cancellation of the Ministry of Defence’s debt with military companies, because these weapons do not address the real security needs and also destroy the real economy.

APPENDIX

Table 1. Arms Special Programs (ESAP) in force in 2012
(in millions of current euros)

Arms	Companies	Period	Initial Cost	Current Cost
87 EF-2000 fighter aircraft (Eurofighter)	EADS-CASA, Santa Barbara, ITP, Indra, Aernnova, Tecnobit	1997/2024	6,363.10	11,718.00
24 Tiger combat helicopters	Eurocopter, Sener, Amper, ECESA, Indra	1997-2014	1,081.82	1,579.60
27 transport plane A400M	Eads-Casa, Flabel, ITP, Sener, Tecnobit, Alcor	2001/2020	3,449.81	5,493.00
1 Frigate F-105	Navantia, Indra, Sainsel	2011/2012	475.00	834.00
239 Armored Leopard 2E	SANTA BARBARA, Indra, Navantia, Electroop, Amper	1996/2017	1,941.77	2,399.40
212 Armored Pizarro	Santa Barbara, Steyr Puch, Indra	2005/2024	707.47	845.40
4 S-80 Submarine	Navantia, Tecnobit, Abengoa, SAES, Indra	2011/2014	1,502.53	2,212.50
4 Ship BAM	Navantia, Indra, Sainsel,, Navalips	2006/2012	215.00	488.00
5 vessels BAM (new version)	Navantia, Indra, Sainsel	2011/2013	740.00	740.00
4 vessels providing BAC	Navantia, Indra, Sainsel	2003/2022	213.00	238.50
45 NH-90 Multipurpose Helicopter (an anticipated purchase of 101 units is foreseen)	Eurocopter, Sener, ECESA General Electric, ITP, Indra, Amper	2006/2012	1,260.00	2,463.00
84 Armoured Centaur	Iveco, Amper, Oto Melara	1999-2012	134.65	134.65
43 Taurus Missile KEPD-350 (F-18 and Eurofighter)	Taurus Systems, EADS, Sener	2004/2012	57.00	60.10
Meteor Missile 232 (F-18 and Eurofighter)	Navantia, Indra, INMIZE, INTA, Sener and GDSBS	2013/2016	62.13	100.00
770 Iris-T missiles (EF-18 and EF-2000)	Sener, Expal, ICSA	2005/2012	247.32	291.50
120 Sparrow Missile (F-18 and F-100)	Indra	1997/2015	50.86	50.86
80 Torpedoes DM2A4 "Merluzo" submarine S-80	STN Atlas (Rheimentall) Amper, Iveco	2005-2015	75.29	76.31
70 Howitzers 155/52 mm.	Santa. Barbara Amper, Iveco	2006/2023	180.50	199.80
5 Aircraft AV-8B	EADS-CASA, Indra, ITP, Iberia	1997/2018	148.06	148.06
MR 2600 Spike anti-tank missiles and ER (260 batteries)	Rafael (Israel), Santa Barbara, Tecnobit	2008/2022	260.00	355.50
Mistral Missile-2 (Helicopter Tiger)	MBDA	2007/2012	27.73	27.73
Emergency Military Unit Equipment	Iveco trucks, SUV Santana	2007/2012	40.00	230.00
96 Armoured MLV Lynx	Iveco Spain	2011/2012	42.60	42.60
TOTAL			19,275.64	30,728.51

Source: Own.

Table 2. Military R & D in Spain
(in millions of current euros)

Year	Defence R & D Department	Military R & D Industry Ministry	Military R & D Total	R & D Total	% Military / total
1997	290.11	210.36	500.47	1,352.68	37.00
1998	300.14	581.00	881.14	1,867.95	47.20
1999	294.75	1,198.58	1,493.33	2,767.84	54.00
2000	293.48	964.11	1,257.59	3,053.86	41.20
2001	382.11	947.8	1,329.91	3,435.30	38.70
2002	314.04	1,176.85	1,490.89	3,465.40	38.30
2003	322.97	1,049.90	1,372.87	4,000.12	34.30
2004	303.42	1,070.00	1,373.42	4,402.00	31.20
2005	315.69	1,014.60	1,330.29	4,972.23	26.70
2006	325.88	1,358.01	1,683.89	6,510.81	26.00
2007	361.04	1,225.06	1,586.10	8,060.42	19.70
2008	355.67	1,308.57	1,664.24	9,342.55	17.82
2009	312.41	1,149.92	1,462.33	9,654.29	15.15
2010	231.89	950.91	1,182.80	9,128.80	12.96
2011	203.91	770.71	974.62	8,493.11	11.47
2012	174.05	582.77	756.82	6,397.62	11.83
2013	145.29	218.15	363.44	5,926.29	6.13
Total		15,777.30			

Source: Own calculations compiled from the State Budget.

Table 3. Top Military Investments 2006/2011

(in millions of current euros)

Special Arms Programs (PEAS)					
Arms	2009	2010	2011	2012	2013
Fighter plane EF-2000	266.23	176.19	0.19	3.53	4.94
A400M airlifter	1	1	1.12	0.87	1.16
Tiger combat helicopters	110.45	36.27	87.5	0.55	0.74
Frigate F-100	17.23	0	0.21	0	0.00
Armored Leopard	154.76	36	0.2	0	0.00
Armored Pizarro	70.36	2	0	0	0.00
Towed Howitzer 155/52 mm	13.57	15.14	15.59	0	0.00
Taurus Missile	6	6.78	0.16	0	0.00
Iris-T missiles	30.27	11.06	47.6	0	0.00
Strategic projection ship LLX	2.74	0	0	0	0.00
Spike anti-tank missiles	6.6	14.97	0.22	0	0.00
Armored Centaur	3.89	11.47	0	0	0.00
Submarine S-80	0	0	0.24	0	0.00
NH-90 transport helicopters	32.01	14.49	0.26	0	0.00
Multipurpose transport helicopters		3	0.2	0	0.00
BAM Maritime Action Ship	59.34	35.75	55.27	0	0.00
Total PEAS	774.45	364.12	208.76	4.95	6.84
Other Military Investments					
Investment in equipment modernization	674.24	628.04	633.85	467.79	121.23
Autonomous Defence Investment	244.79	239.21	189.29	135.96	66.36
Military R & D, Department of Defence	312.41	231.89	203.91	174.05	145.29
TOTAL MoD	2005.89	1463.26	1235.81	782.75	339.72
Military R & D, Ministry of Industry	1,149.92	950.91	770.71	582.77	218.15
Helps for UME Investment Ministry of Industry	7.6	28.31	24.13	0	0.00
Total military investments	3,163.41	2,442.48	2,030.65	1,365.52	557.87

Source: Own calculations compiled from the State Budget .

Table 4. Initial budget distribution of the Ministry of Defence
(in millions of current euros)

Concepts	2012	2013	
Staff (Chapter 1)	4.742,73	4.606,38	66,62%
Goods and services (Chapter 2)	1.380,25	1.255,86	18,16%
Financial (Chapter 3)	0,38	0,28	
Current transfers (Chapter 4)	425,64	469,23	6,79%
Investment (Chapter 6)	782,76	551,04	7,97%
Capital transfers (Chapter 7)	8,05	27,33	0,39%
Financial assets (Chapter 8)	3,66	3,58	
Financial liabilities (Chapter 9)		0,06	
Total Defensa	7.343,47	6.913,76	

Source: Own calculations compiled from the State Budget.

Table 5, Settled expenditure of military forces overseas
(in millions of current euros)

Año	Inicial budget	Settled budget
1990	0.00	6.01
1991	0.00	42.07
1992	0.00	14.37
1993	0.00	57.19
1994	0.00	103.19
1995	0.00	133.70
1996	0.00	179.94
1997	0.00	122.28
1998	0.00	146.38
1999	0.00	249.23
2000	60.10	239.63
2001	60.10	241.34
2002	60.10	330.55
2003	60.10	414.82
2004	60.10	380.62
2005	18.36	422.50
2006	18.36	563.90
2007	17.36	642.50
2008	17.36	668.74
2009 ^I	14.36	713.50
2010 ^{II}	14.36	787.90
2011 ^I	14.36	861.39
2012 ^{III}	14.36	769.08
2013	14.36	
Total	443.74	8,090.83

I, Info 9/7/2012,

II, Defence Commission 16/12/2010,

III, Planned expenditure (Defence Committee 17/4/12),

Source: Own calculations compiled from the State Budget,

Table 6. Settled Defence Budget
(in millions of current euros)

Concepts	2003	2004	2005	2006	2007	2008	2009	2010	2011 ¹	2012 ¹
Ministry of Defence	7,110.73	7,529.72	7,892.32	8,571.34	9,340.08	9,810.79	9,344.21	8,715.19	8,301.09	9,133.10
Autonomous Organisms from the Ministry of Defence	1,220.73	1,557.14	1,554.37	1,600.13	1,654.83	1,613.57	1,280.31	1,242.01	1,195.04	1,105.40
National Intelligence Center CNI*	138.89	130.05	180.00	208.57	241.57	264.71	255.06	241.37	228.20	
Total Defence	8,470.35	9,216.91	9,626.69	10,380.04	11,236.48	11,689.07	10,879.58	10,198.57	9,724.33	10,238.50
* In the initial budget. The CNI has used the Official Secrets Act and does not facilitate settlement.										
Years	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Total liquidated Ministry of Defence	8,470.35	9,216.91	9,626.69	10,380.04	11,236.48	11,689.07	10,879.58	10,198.57	9,724.33	10,238.50
Total initial Ministry of Defence	7,754.97	8,093.36	8,456.55	8,857.25	9,576.52	10,091.95	9,726.36	9,154.42	8,560.09	7,411.74
Difference	-715.38	1,123.55	1,170.14	1,522.79	1,659.96	1,597.12	1,153.22	1,044.15	1,164.24	2,826.76
% Change	9.4	13.8	13.8	17.2	17.3	15.8	11.9	11.4	11.97	27.6

I. Provisional Liquidation 9/2012.

Source: Own calculations compiled from the State Budget.

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