

Spain's Military Budget Continues to Grow

Analysis of the Defense budget in 2018

Authors: Pere Ortega · Xavier Bohigas



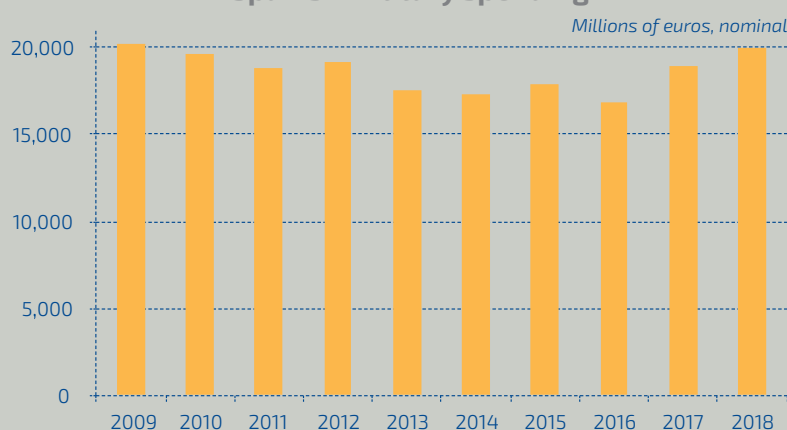
The Defense budget is projected to rise by 10.5% in 2018 compared to the previous year. This increase would confirm what has already been announced by the Minister of Defense, María Dolores de Cospedal, in her effort to reach 2% of GDP in military spending by the year 2024.

This increase would mostly be used to provide more credit for the line items of the budget dealing with the acquisition of new armaments, and to deal with the already committed payments of the Special Armaments Programs (PEA) for which the ministry has assigned a loan of €2.164 bn, €340 M more than in 2017.

However, to show truthful information about Spanish military spending, some hidden items have to be accounted for that are tucked away in other ministries. These hidden items include military R & D, which increased in 2018 by 46% until reaching €678 M, as well as the cost of military operations abroad. These missions abroad are currently allocated €314 M, though they are expected to have a final cost of €1.114 bn.

The actual Spanish military expenditure in 2018 will average €54.6 million per day, standing at 1.67% of GDP and 4.42% of the budget.

Spanish military spending



INDEX

Introduction	2
The lack of transparency continues in Defense	2
The military expenditure of Spain in 2018	4
The Special Armament Programs (PEAs)	6
The Myth of allocating 2% of GDP to military spending	7
Military expenditure for social expenditure	8
Military research in the PGE 2018	9
Civil-military R & D comparison	11

INTRODUCTION

Once again, as has happened since the alleged end of the recent financial crisis, the General State Budget for 2018 shows an increase in defense spending, which Centre Delàs analyzes each year. From the new General Budget, the first thing to highlight is the increase of 10.5% for military spending compared to 2017. This increase would confirm what has already been announced by the Minister of Defense, María Dolores de Cospedal of the Popular Party government, in order to meet the promise made by Mariano Rajoy in the September 2014 NATO meeting in Wales. At that meeting, he promised to rally the remaining NATO member countries into also reaching the 2% of GDP benchmark for military spending as well by the year 2024.

The increase of 10.5% is mainly to provide more credit to line items in the budget that align with the acquisition of new armaments, to deal with the already committed payments of the Special Armament Programs (PEA), and to allocate more resources for R & D in designing and producing new PEAs.

As we have explained in previous reports,¹ until 2016 these PEAs were not line items included in the initial defense budget, but rather they were eventually approved during the year through an extraordinary loan that was decided upon in the Council of Ministers, allowing the Ministry to deal with the massive debts that have accumulated since the beginning of these weapons programs. This dishonesty has allowed the initial budget to be approved that has been well under actual expenses. For 2018, the Ministry of Defense wants to allocate a credit of €2.164 bn towards the payment of the PEA, €340 M more than in 2017.

In this report, Centre Delàs thoroughly analyzes the true military expenditure that will be approved for 2018, including both 'ordinary' investments for the maintenance of the Armed Forces as well as investments in weapons that represent additions to the special programs (PEA). In total, these investments expand the budget by €420 M from €2.597 bn in 2017 to €3.017 bn in 2018 and include a massive 46% increase to military R & D spending from €461.7 M to €678 M, among other changes, that are later elaborated upon different sections of this report.

THE LACK OF TRANSPARENCY CONTINUES IN DEFENSE

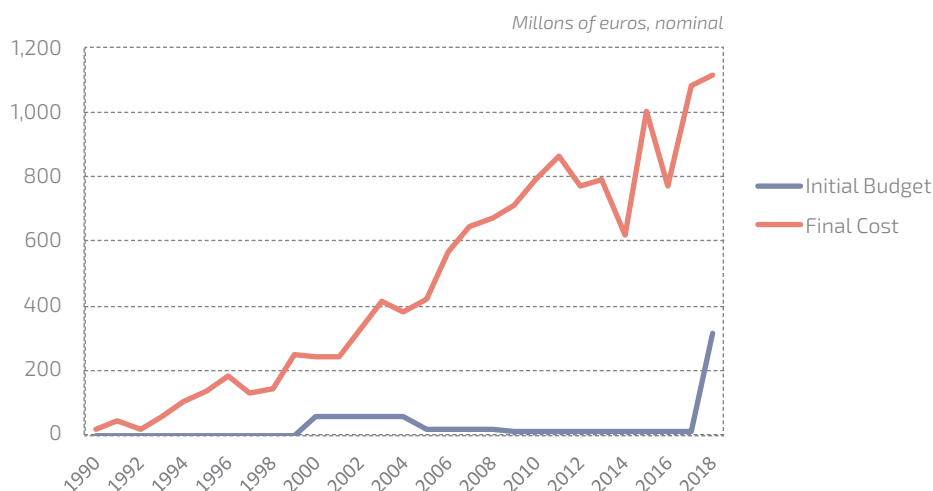
Even though the committed payments of the PEAs are now included in the defense budget, the deception persists. The Ministry of Finance continues to allow the defense budget to not consider the actual cost of military actions abroad. Since the beginning of these missions, the credit for this line item in the budget has fluctuated from €0 to €14.36 M, when in reality it has always been much higher, with the final cost of missions abroad totaling €1.080 bn in 2017.² This year, to make the figures not seem so deceptive, €314.36 M has been allocated for these missions. But, Secretary of Defense Agustín Conde has already warned that given the current commitments of FAS missions abroad, the expenditure at the end of 2018 will be no less³ than €1.114 bn.

1. To know more about PEAs, consult Pere Ortega's Report: *The weapons bubble and the military industry in Spain. Special Armament Programs*, Report 33. http://www.centredelas.org/images/INFORMES_i_altres_PDF/informe33_IndustriaPEAs_ENG_web_DEF.pdf

2. Congress of Deputies Defense Committee (16/04/2018)

3. Congress of Deputies Defense Committee (16/04/2018)

Graph 1. Initial budget and final cost of missions abroad



Source: Developed by Centre Delàs

In addition to the diverted expenditure of missions abroad, the sale of assets that provide the Ministry of Defense with revenues during the year must also be accounted for. The Ministry of Defense is a usufructuary of many public goods (barracks, firing ranges, housing) that the government in turn has been allowed to sell off. The Treasury allows some of these revenues to be incorporated in the defense budget and in 2017 these amounted to €262 M. Many other line items in the budget, such as new credit transfers and leftover revenues not spent in the previous year are also allowed to be incorporated to the budget. So, every year in the budget settlement of defense, we find a major deviation. In 2017 this deviation amounted to €1.382 bn. We have included this amount in our analysis of 2018 because, taking everything into account, essentially it will be the same.

Table 1. Initial military expenditure of Spain (2017-2018)

Millions of euros, nominal

	2017	2018	2017/2018
Ministry of Defense	7,638.55	8,455.96	10.70%
Autonomous bodies of the Ministry of Defense	1,077.92	1,179.77	9.45%
Total Ministry of Defense	8,716.47	9,635.73	10.55%
Military Pensions and benefits	3,273.45	3,325.88	1.60%
War Pensions	169.03	157.67	-6.72%
ISFAS (Other Ministries)	624.45	649.02	3.93%
Civil Guard (Ministry of the Interior)	2,705.04	2,775.17	2.59%
R&D Loans (Ministry of Industry)	302.36	467.61	54.65%
International Military Organizations (Ministry of Foreign Affairs)	19.48	19.48	
Total NATO criteria	15,810.28	17,030.56	7.72%
National Intelligence Center (Ministry of the Presidency)	260.96	281.95	8.04%
Interest rates on public debt	1,157.90	1,231.59	6.36%*
Initial Total Military Expenditure	17,229.14	18,544.10	7.63%
Difference between budgeted and final cost	1,382.26	1,382.26	**
FINAL MILITARY EXPENSE	18,611.40	19,926.36	7.07%
Actual military expenditure/GDP	1.60%	1.67%	
Actual military expenditure/Total state budget	4.20%	4.42%	

* Estimation based on net total of Defense (NATO criteria + NIC) and interest on the public debt

** Provisional estimate on the difference between initial military expenditures and their final cost

Developed by Centre Delàs. Source: General State Budget

THE MILITARY EXPENDITURE OF SPAIN IN 2018

In the analysis of the Spanish military expenditure completed by Centre Delàs, the accounting guidelines of NATO are employed, which have also been adopted by SIPRI. However, we have added the expenditure covering the National Intelligence Center (CNI) to this, because it is a facility run by the military where a majority of the staff are in fact military personnel. Additionally, Centre Delàs accounts for the proportional, defense-related interest of the debt that arises from Ministry's financing activities that represent an important part of its budget; the Treasury issues public debt for these activities and the interest generated by this military-related debt must be considered a military expenditure. Thus, the final military expenditure of the Spanish State presented for approval before the Congress of Deputies in 2018 totals €19.926 bn. This is more than double the amount that the Ministry and its Autonomous Bodies are proposing, which is €9.636 bn. This figure represents a daily military expenditure of €54.6 M in which each Spanish citizen must pay 428 euros annually to contribute to the defense of Spanish territory.

Real military spending of the Spanish State that is presented to the Congress for 2018 amounts 19,926.36 million of euros. This is more than double the amount of the Ministry of Defense

Table 2. Key figures of the Spanish military expenditure (initial budget)

Nominal euros

	2017	2018
Daily military expenditure	51.0 millon	54.6 millon
Annual military expenditure per person	401.55 €	428.07 €
Military expense % of GDP	1.60%	1.67%
Military expenses/Total Budget	4.20%	4.42%
Final military expenses with respect to previous year	9.40%	7.07%
Military Investment	2,596.99 millon	3696.34 millon
Military Investment/Total Investment	20.18%	24.94%
Change from previous year (Military Investment)	157%	42.3%
Total Military R&D	461.75 millon	678.7 millon
Military R&D/Total R&D	7.10%	9.62%
Change from previous year (Military R&D)	-26.94%	46.98%

Source: Centre Delàs elaboration on the General State Budget

Table 3. Adjustments to the Defense Budget

Million of euros, nominal

Años	2012	2013	2014	2015	2016	2017 ¹
Outstanding credits	1,782.77	879.48	927.74	878.01	0.00	30.72
Expandable Items	753.08	782.47	733.94	1,010.78	994.95	1,057.48
Transfers	2.16	55.17	77.25	225.53	207.50	0
Revenues generated by the Ministry	192.31	213.1	211.95	223.79	194.69	261.95
Autonomous Bodies	13.18	22.65	47.48	46.67	17.51	31.91
Excess credits	19.23			3.67	0.00	0.2
Cancellation fees				-7.30	-2.01	
Total	2,762.73	1,952.87	1,998.36	2,381.15	1,412.64	1,382.26

1. Modifications for 2017 are tentative as of 30/03/2018
Developed by Centre Delàs. Source: General State Budget

Table 4. Initial Budget

Millions of euros, nominal

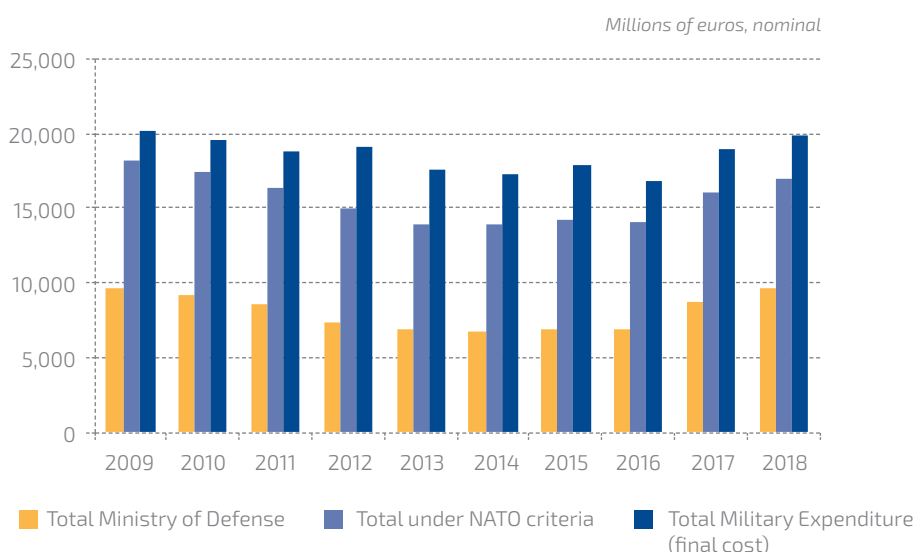
	2009	2010	2011	2012	2013	2014	2015	2016	2017 ¹	2018
Ministry of Defense	8,240.77	7,694.86	7,156.38	6,316.44	5,937.00	5,745.77	5,767.72	5,787.89	7,638.55	8,455.96
Autonomous bodies of the Ministry of Defense	1,230.53	1,218.19	1,175.51	1,095.30	976.65	1,030.98	1,086.13	1,111.33	1,077.92	1,179.77
National Intelligence Center ²	255.06	241.37	228.20							
Total Ministry of Defense	9,726.36	9,154.42	8,560.09	7,411.74	6,913.65	6,776.75	6,853.85	6,899.22	8,716.47	9,635.73
Military pensions and benefits	3,298.14	3,328.59	3,252.15	3,344.35	3,352.97	3,314.00	3,294.96	3,268.34	3,273.45	3,325.88
War Pensions	409.04	371.79	342.30	314.80	284.38	259.74	214.89	190.57	169.03	157.67
ISFAS (Other Ministries)	602.53	617.53	624.89	577.52	549.18	556.37	600.33	624.12	624.45	649.02
Civil Guard (Ministry of the Interior)	2,941.51	2,973.17	2,790.96	2,733.52	2,659.18	2,615.67	2,620.17	2,654.93	2,705.04	2,775.17
Ministry of Industry (R&D and ayudas militares)	1,157.52	979.21	794.84	582.77	218.15	343.60	563.92	468.14	302.36	467.61
NATO, EU (Ministry of Foreign Affairs)	56.57	11.07	9.82	14.95	15.20	15.20	13.50	13.10	19.48	19.48
Total under NATO criteria	18,191.67	17,435.78	16,375.05	14,979.65	13,992.71	13,881.33	14,161.62	14,118.42	15,810.28	17,030.56
National Intelligence Center ³				221.20	203.69	203.69	223.68	240.98	260.96	281.95
Interest payments, Public Debt	834.57	1,125.20	1,212.00	1,170.18	1,385.38	1,197.60	1,120.14	1,089.42	1,157.90	1,231.59
TOTAL INITIAL MILITARY EXPENDITURE	19,026.24	18,560.98	17,587.05	16,371.03	15,581.78	15,282.62	15,505.44	15,448.82	17,229.14	18,544.10
Difference between initial and final expense	1,153.22	1,044.15	1,164.24	2,762.73	1,952.75	1,957.15	2,381.21	1,412.65	1,382.26	1,382.26
TOTAL MILITARY EXPENDITURE (final cost)	20,179.46	19,605.13	18,751.29	19,133.76	17,534.53	17,239.77	17,886.65	16,861.47	18,611.40	19,926.36
Military Expenditure/GDP	1.88%	1.83%	1.73%	1.82%	1.67%	1.63%	1.66%	1.52%	1.60%	1.67%
Final Military Expenditure/ Total State Budget	5.11%	4.70%	4.76%	5.28%	4.59%	4.07%	4.06%	3.86%	4.20%	4.42%

1. Costs as of 3/2018

2. The National Intelligence Center separated from the Ministry of Defense in 2012

3. Initial Government Budget for 2018

Graph 2. Evolution of the Spanish Military Expenditure 2009-2018



THE SPECIAL ARMAMENT PROGRAMS (PEAS)

The increases in military spending arise from the PP government maintained assumption that Spain is emerging from the crisis that began in 2008. Consequently, the Minister of Defense, Dolores de Cospedal, has announced a new investment cycle in new armaments, and some of these expenses are captured in specific line items in the 2018 proposal of the defense budget. Cospedal has announced the startup of seven new PEAs with an initial cost of €10.805 bn for the next ten years, with which she intends to approach the fictional 2% of GDP for military spending. These new weapons are:

- 348 VCR 8x8 Piranha Combat Vehicles
- 1 F-110 Frigate
- 4 Reaper drones
- Chinook helicopters
- Training planes
- Refueling aircraft
- Modernization of command and air control systems
- Modification of NH-90 helicopters

New weapons systems that are meant to deepen existing PEAs, some of which are already under construction (helicopter NH-90), have added huge public costs totaling €34.240 bn, of which approximately €18 bn is still owed according to the Ministry of Defense.⁴

To meet the debt payments owed on PEAs in 2018, €1.376 bn must be paid. But because the appropriated credit is €2.164 bn, the difference of €788 M will ultimately be returned to the Ministry of Industry where the aid is granted to military companies for research and development. This return of R & D aid to the Treasury had not previously been possible due to the crisis. However, an accumulated debt of €15 bn should be added to this number, which is still due from the tenure of the previous Secretary of Defense, Pedro Argüelles.^{5,6}

4. Agustín Conde, Secretary of Defense, Congress of Deputies Defense Committee (16/04/2018)

5. Pedro Argüelles, Secretary of Defense, Congress of Deputies Defense Committee (23/05/2013)

6. Agustín Conde, Secretary of Defense, Congress of Deputies Defense Committee (16/04/2018)

Adding the €18 bn that is still owed to military companies brings the final debt to approximately €33 bn.

This clearly shows that the debt generated by the acquisition of arms is nothing short of colossal, and now the Government intends to expand it. This is visibly demonstrated by Program 122B of the modernization of PEAs, where line items and consignments are used to deal with three of the seven new programs:

- VCR 8x8 Piranha Combat Vehicles, €9.2 M
- NH-90 helicopters, €237 M
- F-110 Frigata, without planned credit

This leaves the rest of the programs for later accounting periods.

THE MYTH OF ALLOCATING 2% OF GDP TO MILITARY SPENDING

The goal of attaining the benchmark of 2% of GDP for military spending is not determined by any empirical analysis. If anything, it is the pipe-dream of top military officials in the Pentagon as well as the managers and shareholders of military industry interests that put huge amounts of pressure on the government of the United States so that its president, whether Republican or Democrat, passes that pressure along to the rest of the allied countries to increase their own military spending. The current president, Donald Trump, went so far as to threaten its allies to abandon the defense of Europe and NATO, should the European allied countries not increase their military spending and contribute to the maintenance of NATO. An insistence on increasing European military spending is surely driven by US interests and the favorable treatment of its own military industry, along with its industry's sales to Europe and the rest of the world. This is because the US is overwhelmingly the top manufacturer and exporter of weapons on the planet, producing 58% of all weapons in the world and exporting 34% of the world total (SIPRI 2017). Any increase in high and disproportionate military spending benefits the US industry.

Calculating what this number would be for Spain in 2024, but also taking into consideration all NATO countries and the European Union reaching 2% of GDP in military spending, yields massive figures. For Spain, considering only the Ministry of Defense's spending for 2017 (8,776.5 million) and not the military expenses distributed across other Ministries, this figure was 0.75% of GDP. If the government actually wanted to reach the 2% goal, it should in fact be allocating €23.403 bn of public spending to defense. But this does not account for annual GDP growth, which in 2024 will undoubtedly be higher than now, putting military spending at no less than €25 bn annually. Even further, this figure does not account for the rest of the line items in the budget distributed across others ministries detailed in Table A-4 of the Annex, whose final destination is the maintenance of the Armed Forces. Taken together, military spending of Spain would find itself above €35 bn per year. This would come to exceed 3% of the Spanish GDP.

The pressure to increase European military spending does not respond to any empirical need, only to the interest of the USA to favor its own defense industry

Something similar happens to the European members of NATO, which according to data from SIPRI in 2017, had an average of expenditure of 1.50% of GDP and together spent €254 bn on defense. Reaching 2% of GDP would mean spending €338.666 bn per year.

The increase for the EU would still be higher, since as a whole, the countries spend an average of 1.46% of GDP on defense, meaning that the €287 bn expenditure in 2017 would actually come to be €393.15 bn.

Table 5. Military spending in Europe 2016

Millions of current euros

	GDP 2016	Thousands of Millions € 2016	Thousands of Millions GDP 2% 2017
NATO Europe	1.50%	254,000.00	338,666.66
European Union	1.46%	287,000.00	393,150.68
Spain	0.74%	8,716.47	23,558.02

Own elaboration. Source: SIPRI 2017

Some figures are difficult to assume, considering that the crisis of 2008 and the years since have affected Europe and Spain in a particular way. It is quite hard to believe that European governments are throwing themselves at such incredible increases. But the case of Spain is especially grave, where the increase will be around €17 bn, while spending on health, education, infrastructure, and culture has been cut; retirement pensions are feeling threatened; and there is a structural unemployment rate of 16.7% of the active population. An increase of military spending is insane without proper justification, because neither Spain nor Europe face military threats from within. As indicated by the heads of defense themselves in Spain and the EU, the greatest danger comes from terrorism, and it does not seem that the armies, as has already been demonstrated, can do anything to prevent attacks or the causes of the attacks. Neither should the clashes between the United States and Russia that are dragging Europe towards a renewed cold war have a military response. Rather, it would be advisable to not put stress on the borders with Russia through NATO, but to negotiate solutions to these crises between neighboring countries.

As indicated by Spain's own Directives of Defense and the EU, the biggest danger comes from terrorism, and it does not seem that armies, as we already know, can do anything to prevent these attacks, nor can they act preventively upon their causes

MILITARY EXPENDITURE FOR SOCIAL EXPENDITURE

The total public expenditure of the Spanish State increases by 1.3% with respect to 2017, while the expenditures of the Ministry of Defense are increased by 10.5%. And what about the increases for 'social' ministries with respect to the previous year? Healthcare 3.9%, Education 3%, and Culture 4.6%. Furthermore, how much is spent to combat the biggest problem in Spanish society, the incredible blight of unemployment and job insecurity? The Ministry of Labor Development will receive a meager increase of 3.9%, keeping in mind that since 2008 the funds allocated for this ministry have decreased by 28%. And lastly, funding for infrastructure, the element most-linked to job creation, is set to rise 5.3% while it has been reduced with 63% since 2008. Therefore, we can conclude that the Ministry of Defense is, without a doubt, the ministry that receives the most help from of the PP government.

Table 6. Budget Policies 2008-2017

Millions of euros, nominal

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	Evo. 2008-2017
Job Creation	7,684	7,584	7,751	7,329	5,765	3,772	4,073	4,746	5,214	5,499	-28%
Health	4,434	4,623	4,635	4,264	3,976	3,856	3,840	3,861	4,002	4,093	-8%
Education	2,933	2,988	3,092	2,843	2,220	1,945	2,150	2,273	2,484	2,525	-14%
Culture	1,220	1,284	1,199	1,104	942	722	716	749	803	801	-34%
Infrastructure	14,690	13,177	14,325	8,859	6,901	5,966	5,452	6,141	5,983	5,392	-63%
Civil Research	7,677	8,203	8,088	7,576	5,629	5,562	5,633	5,668	5,793	6,039	-21%
Ministry of Defense	10,091	9,726	9,154	8,560	7,411	6,913	6,776	6,853	6,899	8,716	-14%
Military, actual	20,587	19,770	19,233	18,409	18,819	17,135	16,527	17,672	16,671	18,544	-10%

Source: Centre Delàs compilation on the State Budget

Ultimately, the main criticism that should be made of investing in new armaments is the massive waste of public money that is being used to deter hypothetical enemies from attacking the Spanish territory, when this hypothesis is so vastly far from the geopolitical reality of the countries that surround Spain. A part of this criticism is that the missions abroad in which the Government has been involved almost never make use of the PEA-produced weapons; they rarely, if ever, cross borders and instead remain in warehouses, docks, and hangars, waiting for the end their shelf life to be replaced by other weapons of higher cost, pursuing an arms race to nowhere that benefits, above all, to the Spanish military industries, in addition to the greater European and United States industries. Meanwhile, the Spanish population faces real threats coming from the lack of employment, housing, social coverage for dependence, the lack of decent pensions. This is the type of security that the Spanish people want and expect to have provided by the State, yet the Government of the Popular Party does not want to face this head-on.

MILITARY RESEARCH IN THE PGE 2018

The General State Budget of 2018 forecasts the expenditure for military research and development to reach €678.71 M. This represents an allotment of funds nearly 47% higher than the forecasted budget in 2017.

Military R & D spending comes from two budgetary programs, which has become common practice in recent years. Program 464A (Research and studies of the Armed Forces) of the Ministry of Defense is set to receive an allocation of €211.10 M, while program 464B (Support for technological innovation in the defense sector) of the Ministry of Economy, Industry and Competitiveness is set to receive €467.61 M. Both of these funding allocations are significant increases with respect to 2017, with program 464A growing by 32.4% and program 464B growing by 54.6%, as is shown in table 1.

The resources assigned to each program have a different purpose. Program 464A aims to "contribute to the endowment of weapons systems and equipment with the technological level and characteristics of any order most suitable for future missions of Spanish Armed Forces and to help preserve and foster the industrial and technological base of Spanish defense," as found in the explanatory memorandum of the program.

The forecast of expenditure in the military research and development department represents an allocation of 47% greater than the forecast budgeted in 2017

Meanwhile, the objective of program 464B is to support the participation of Spanish companies in the development of technological-industrial projects related defense.

Table 7. Expected investments of programs 464A and 464B corresponding to military R&D for 2017 and 2018

Millions of current euros

MILITARY RESEARCH	GSB 2017	GSB 2018
464A Program (Ministry of Defense)	159.39	211.10
464B Program (Ministry of Economy)	302.36	467.61
TOTAL (464A plus 464B)	461.75	678.71

Source: Own Preparation

We shall see in detail how the budget is distributed in each program and which budget allocations undergo the greatest changes.

The funding for program 464A of the Ministry of Defense is distributed to the two centers that are responsible for carrying out military R & D activities, namely the Central Organ of Defense and the National Institute of Aerospace Technique (INTA). They receive €22.48 M and €188.62 M, respectively.

The planned R & D activities of the Central Organ of Defense are focused on projects; Sensors and electronic warfare; Technology management and cooperation; Information and communications technology; Platforms, propulsion and weapons; and Equipment and materials for R & D activities.

INTA is a public research organization that, since 2014, integrates all military research centers. Its activities are related to research and development in the fields of aerospace, aeronautics, hydrodynamics, defense technologies, and security. It also performs certification, homologation, and testing tasks.

For 2018, INTA's budget reaches €188.62 M (89% of the budget for program 464A). This funding represents an increase of 37.3% with respect to its budget for 2017. Every individual line item of INTA's budget experiences an increase, although special consideration should be given to the increases of 706% in financial expenses (from €0.145 M in 2017 to €1.17 M in 2018) and of 162% in real investments (from €25.4 M in 2017 to €66.6 M in 2018).

The projects financed by program 464B of the Ministry of Economy, Industry and Competitiveness are the same as in recent years, yet the amount of funding increases by 52% with respect to 2017. The funds assigned to projects associated with the Submarine S-80, NH90 helicopters and Maritime Action Ships undergo decreases with respect to 2017 (10%, 13% and 78%, respectively). Contrarily, the Frigata F110 project and the 8x8 armored vehicles experience a remarkable increase of 316%. See details in table 8.

Table 8. Budgeted investments for 2017 and 2018 corresponding to program 464B, Support for innovation technology in the defense sector of the Ministry of Economy, Industry and Competitiveness

Millions of current euros

Project	Endowment 2017	Endowment 2018
Submarine S-80	150.0	135.3
Helicopters NH90	37.0	32.0
Maritime Action Vessels	51.8	11.3
Frigate F110 and 8x8 armored vehicles	69.5	289.0
TOTAL	308.3	467.6

Source: Own Preparation

The allocation of funds under program 464B of the Ministry of Economy are intimately related to massive weapons acquisition projects. The program represents advances that are made to companies so that they can perform the corresponding research programs to manufacture the weapons which the Ministry of Defense will later buy. These advances come in the form of returnable credits with a lifetime of twenty years at zero percent interest, at the time of writing this report, the amount returned by the military industry has been negligible. In essence, these credits in R & D have become direct aid to the military industry.

CIVIL-MILITARY R & D COMPARISON

In 2018, the budgeted expenditure for research is €7.056 bn, corresponding to Program 46 of 'Research, development and innovation' in the 2018 budget, which includes both civil and military R & D. This figure represents an increase of 8.5% with respect to the R & D budget of 2017.

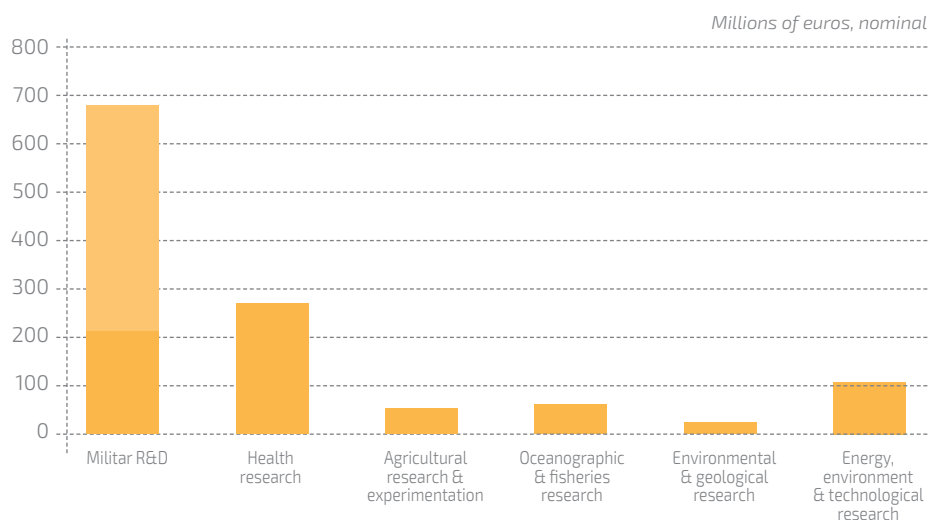
Taking this budget into account, military R & D represents 9.6% of the total amount of the budget allocated to research which is higher than the corresponding figure for 2017, which was 7.1%. If we break down the total amount dedicated to research and development in civil R & D (€6.377.64 bn) and military R & D (€678.71 M), we see that the budget for civil R & D grows only 5.6% compared to 2017, while military R & D grew 47%. This clearly shows that the government wants to give a strong boost to military R & D far more than civil R & D.

If we consider military R & D as one more area of research, we see that the preferential treatment that the government gives to military research with respect to other areas of civil research is downright scandalous. For example, the planned expenditure for military research is almost 29 times the amount allocated to the program "Energy research, environmental and technological," nearly 13 times the amount planned for "Research and agricultural experimentation," more than 11 times the amount budgeted for "Oceanographic and fisheries research", and lastly, two and a half times the amount planned for "Health research". In graph 3 these comparisons are shown between the budgetary allocations to programs for civil research versus the amount budgeted for military R & D (which includes programs 464A and 464B).

7. Pere Ortega, The weapons bubble and the military industry in Spain. Special Armament Programs, Report 33, June 2017.
Pere Ortega and Xavier Bohigas, The Absurdity of Military Spending, Report 34, June 2017.

Hasta la fecha, las cantidades retornadas por parte de la industria militar de los créditos para el desarrollo de armamento han sido ínfimas. Por lo que, estos créditos en I+D se han convertido en ayudas directas a la industria militar

**Graph 3. Comparison of budgeted amounts
in some areas of research in the State Budget of 2018**



Source: Centre Delàs compilation on the State Budget

The comparison becomes even more incredible when we look at the funds that are actually used, not only at the budgeted ones that we have just mentioned. Of the funds destined for R & D (civil and military) in 2011, only 57% were used. This percentage has continued to decrease in successive years, reaching a low of 38% in 2016. The majority of unused funds correspond to financial funds (credits).⁸ This low rate of execution of the allocated funds is not observed in military R & D, which still has a execution rate over 90%. This shows that, in recent years, significantly less has been actually spent on civil R & D than had been budgeted for initially.⁹

The uniqueness of the budget execution has two relevant implications. The first is that resources actually used in civil research projects will be much lower than budgeted. And, second, the fraction of all research corresponding to military R & D will be much higher than the one reflected in the budget. Therefore, if there are no changes in the execution of the budget, the expenses actually carried out in military R & D will greatly exceed the figure of 9.6% shown in the current budget. The 9.6% massively deflates actual spending totals.

The situation has been denounced by the scientific community on many occasions to no avail. In addition to all of this, we must add that the Spanish state allocates one of the smallest percentages to financing of research with respect to GDP when compared with other states. It comes as no surprise that complaints from the scientific community continue in an attempt to change the situation.

8. José de Nó and José Molero; *Análisis de los recursos destinados a I+D+i (Política de Gasto 46) contenidos en los Presupuestos Generales del Estado Aprobados para el año 2017*, Confederación de Sociedades Científicas de España (COSCE), September 2017. <http://www.cosce.org/pdf/InformeCOSCEPGE2017Aprobados.pdf>

9. Xavier Bohigas; «La financiación de la investigación civil y militar en el sector público estatal», *Papeles de relaciones ecosociales y cambio global*, Nº 137 2017, pp. 159-172