

# THE **ABZURDILY** OF MILITARY SPENDING

Analysis of the budget of defence  
in Spain, 2017

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## INDEX

<b>Executive summary .....</b>	<b>5</b>
<b>1. Criteria of Centre Delàs d'Estudis per la Pau about how to analysis military spending .....</b>	<b>7</b>
<b>2. The budget of defence in Spain in 2017 increases 32% .....</b>	<b>9</b>
<b>3. The military budget of 2017 .....</b>	<b>10</b>
<b>4. The military expenditure of Spain according to SIPRI .....</b>	<b>12</b>
<b>5. The highest number of military expenditures in Spain .....</b>	<b>12</b>
<b>6. Investments in armaments .....</b>	<b>15</b>
6.1 Modernisation of the Armed Forces, Programme 122A .....	15
6.2 Special Programmes of Armaments (PEAs), Programme 122B ...	15
<b>7. The military R&amp;D .....</b>	<b>16</b>
7.1 Comparison between civil R&D and military R&D .....	17
7.2 Progression of the investments in civil and military R&D in the past years .....	18
<b>8. Conclusions .....</b>	<b>20</b>
<b>Annex.....</b>	<b>21</b>

## Index of tables and graphs

Table 1. Criteria of NATO regarding military spending .....	8
Table 2. Initial military expenditure in Spain (2016-2017).....	10
Table 3. Political Spending 2008-2017. ....	11
Table 4. Distribution of the initial budget of the Ministry of Defence 2008-2017 .....	13
Table 5. Budgetary changes of Defence .....	14
Table 6. Predicted investments of the programmes 464A and 464B of military R&D for 2016 and 2017. ....	16
Table 7. Details of budgetary investments of the programme 464B, 2016-2017.....	17
Graph 1. Decrease in percentages of political spending 2008-2017.....	11
Graph 2. Distribution of the initial budget of the Ministry of Defence 2017 .....	13
Graph 3. Increase in the Budget of Defence 2012-2017.....	14
Graph 4. Comparison of the budgets of different areas of investigation (PGE 2017) .....	18
Graph 5. Evolution of budgeted Credits and Financial Obligations in Civil R&D 2007-2015.....	19
Graph 6. Evolution of budgeted Credits and Financial Obligations in Military R&D 2007-2015 .....	19
<b>ANNEX</b> .....	21
Table 1. Expenditure settled of military forces abroad .....	21
Table 2. Liquidated Budget 2007-2016 .....	22
Table 3. Military Investments/State Budget consolidated.....	23
Table 4. Special Programs of existing Arms 2016 .....	23
Table 5. Military R&D in Spain.....	24
Table 6. Payments of Special Programs of arms in 2016-2017.....	25
Graph 1. Initial/settled budget of the Ministry of Defence 2007-2016.....	22
Graph 2. R&D total/Military R&D 1995-2017.....	24





## EXECUTIVE SUMMARY

Each year, Centre Delàs d'Estudis per la Pau analyses the Spanish State budget of Defence. In 2017, the budget of the Ministry of Defence, after ten years of continuous reduction in their credits, increased the budget by 32% relative to 2016. This huge increase is a result of the budgetary narrative that the minister of Finance, Cristóbal Montoro, has been employing in order to deceive public opinion of actual military expenditures. Since 2012, the Ministry of Defence has worked with the Treasury in deciding not to include the cost of the Special Armament Programmes (PEA) in the budget, forcing a needed approval of the Council of Ministers for extraordinary credit in order to face the climbing costs of the PEA during the tax return period. In a way it accomplished the ploy and it seemed that the budget of Defence had decreased, when in reality it had increased, as was later verified in the final settlement of the budget at the end of the year. In fact, in the course of the past few years, the budget has been increased by more than 2.000 million annually. Without the inclusion of 1,824.47 M€ of the PEA in 2017, the budget of Defence would appear to increase by only 0.6%.

But the concealment of the defence expenditure does not end with the displacement of the costs of the PEA. Another part of the concealed funding can be found within foreign military missions in which a credit of 14.4 M€ was assigned each year, when in reality about 1,000 M€ is being invested from a contingency fund situated in the programme "Unexpected and classified functions" of other ministries. For the year 2017, Secretary of Defence Agustín Conde Bajén announced in the Commissions of Defence of 26/04/2017 of the Congress of Deputies that the anticipated costs of external missions would be 1,062.5 M€, in which the increase at the end of the year would not be 32%, but rather 45%.

The parts that must be included according to our criteria as military spending are, namely: social security of the soldiers; pensions and benefits; military benefit societies; the credits in R&D for the acquisition of

arms (Ministry of Industry); the Civil Guard for its military character (Ministry of the Interior); the CNI, directed by a general and where 50% of their members are soldiers; the service of public debt, namely the interest rates, in which the proportion of military spending should be attributed, especially for the high percentage (20% in 2017) that the investments in defence represent in the budget of Defence. Over the years, these discrepancies between the initial spending approved in the PGE and what was the actual settlement at the end of each financial year has accumulated to over one billion euros. In 2016, for example, the difference was 16%. Furthermore, for the first time we have included "war pensions" as military spending ascribed to victims of the Spanish Civil War of 1936-1939, whether they be survivors that have suffered injuries or their relatives that receive them as a subsidy.

Spanish military spending has increased to 18,776 M€, a quantity that represents 51.4 M€ of daily military spending in which each citizen contributes €404 per year of their incomes. This expense is well above the 1% of the GDP that Minister of Defence María Dolores de Cospedal indicates, which elevates the Spanish credit in defence to 1.64% of the GDP and brings Spain closer to the 2% of GDP that is demanded insistently from the White House in regard to NATO member spending.

Parties dedicated to analysing R&D spending show a continuous inequality that exists between the resources assigned to civil R&D with respect to military R&D. The pledged commitments of military R&D spending approach nearly 100% of the estimated credits approved. Meanwhile, the contracted obligations in civil R&D fall short, far below that of the

projections with approximately 60% implemented in 2015. Additionally, R&D is generally divided into refundable help and returnable credits, while for 2017 the proportion of returnable credits represented 60% of the total resources dedicated to R&D. Ultimately, the resources in civil R&D will have a degree of compliance far less than that of military R&D spending because these credits are granted as whole, benefiting the established mechanism in the PEA that prohibits the returning of credits until the armaments are delivered.

The budget of 2017 continues with similar patterns of previous years, applying large adjustments in a majority of ministries. In total, it has produced a reduction of 14,250 M€ with respect to 2016, of which a small increase of 1.3% from the previous year occurred in non-financial expenditures. Meanwhile, the payment in armaments has continuously been prioritised, which has no social benefits and only benefits military corporations. Giving these expenditures some perspective, GDP growth in 2016 reached 3.2% and, for fiscal year 2017, it was estimated to fall between a 2.5% and 3% increase. That is to say that according to the predictions of the government, we are emerging from the crisis; however, we are presented with a very socially regressive budget. Regarding military spending, new programmes of arms have already been announced that are not approved by the government but with allocated budgetary credits: 86.2 M€ in 2016 and 69.5 M€ in 2017. These programs primarily concern the armoured Piraña 8x8 with a predicted cost of 1,600 M€, a new Fragata F-110 at 800 M€, and four UAV Reaper planes of a value of 160 M€. That is to say, the PEAs continue to increase their funding, costs, and consequently their debts.





## 1. CRITERIA OF CENTRE DELÀS D'ESTUDIS PER LA PAU ABOUT HOW TO ANALYSIS MILITARY SPENDING

Each year, the Centre Delàs d'Estudis per la Pau analyses the Defence Budget of the Spanish State. In order to do this, we follow guidelines in the same way that NATO does to advise member states of their military alliances; these guidelines are the same as those gathered in the annual directories of SIPRI<sup>1</sup>, the institute that is responsible each year for completing an analysis of worldwide military spending. Therefore, no one can discredit the Centre based on 'inventing' guidelines to point out that the Spanish military spending is now more than double of what it was assigned by the Spanish Ministry of Defence.

Nevertheless, the measurement of military spending can be accomplished in different ways and generally each State organises its own method according to their interests on the matter. Initially, this analysis is usually done by different analysts and global centres of investigation, after which the data is cross-checked and found to rarely coincide with other published data. Then, the various data sets can be compared to what is being published by NATO, SIPRI, the Military Balance, CADA, the European Agency of Defence of the World Bank, and NGOs, whose figures ultimately do not match expenditures reported by the States.<sup>2</sup>

In order to carry out the analysis of military spending, one must always leave the budget to the department or ministry of defence that makes it easier for the state. But there can be expenditure on military matters and defence that are not included in the budget of the department put in charge of defence, distributing the costs to other ministries or departments. Therefore, the calculation of military spending must be found following a logical criterion considering the combination of various credits that are destined to maintain the armed forces whose objective is to carry out military action in defence of the State, yet are not represented in the departments of defence.

1. [www.sipri.org](http://www.sipri.org)

2. As is the case of the War Resisters League and the Center for Strategic and Budgetary Assessments (CSBA)

To promote this end, NATO has published a description of the criteria for accounting so that member states of the organisation can logically include things like loans related to defence as military spending in their calculations. The criteria are also accepted by SIPRI<sup>3</sup> and Centre Delàs (Table 1).

**Table 1. Criteria of NATO  
regarding military spending**

1. Salaries of the armed forces
2. Salaries of civil or military personnel paid by the Ministry of Defence
3. Cost of operation and capital of the military programmes including the space missions of military character
4. Spending of paramilitary organisations
5. Spending in R & D and investments in arms, infrastructures and military instalments
6. Pensions and social security of civil or military personnel paid by the Ministry of Defence
7. Medical expenditures of the armed forces or civil personnel paid by the Ministry of Defence
8. Missions and military operations of peace or for natural catastrophes happening outside of the State
9. Contributions to international military organisations
10. Military help to other countries
11. Expense of financing military programmes and projects
12. Paramilitary bodies trained in the use of heavy arms and in military strategies

But Centre Delàs d'Estudis per la Pau de Barcelona, departing from the criteria of NATO, observe that the particular case of analysing Spanish military spending necessitates more criteria, as some obvious military expenditures do not fall under the criteria recognised by NATO, nor are they integrated into the budget of the Spanish Ministry of Defence. Then, it is important to do detailed analysis of military expenses, taking into account the extraordinary expenditure that can be accrued during the financial year that is not recognised in the approved initial loans. For obvious reasons, it is

3. [www.sipri.org](http://www.sipri.org)

insufficient to isolate and analyse the initial budget, as we know the settled final budget will always be greater than what was initially agreed upon.

So, in the Spanish case, the following must be taken into account:

- The organisations or autonomous departments dedicated to defence and not integrated into the Ministry of Defence
- The academics, institutes and university courses that are exclusive for the military yet do not depend on the Ministry of Defence
- The benefits and pensions (medical security and pensions) of the military bodies or civil personnel that lend their services to the Ministry of Defence
- The benefit societies, charitable funds for widows, and war pensions for the military and paramilitary soldiers
- Loans, R & D or aid from other ministries that is destined to produce armaments for the armed forces
- Paramilitary bodies in which, without being military, are assigned to functions of defence and are governed by laws or military ordinances
- Contributions to international military organisations (NATO), missions of peace (ONU), or international agreements of disarmament given their military character
- Centres of Intelligence and information that concern the security and defence of the State
- Difference between initial budgeted expenses and the final settled expenditure

Each investigator or centre that desires to carry out an analysis of military spending should know the particularities of the budget of their own state in order to be able to determine the actual military spending in their country.





## 2. THE BUDGET OF DEFENCE IN SPAIN IN 2017 INCREASES 32%

After ten years of successive reductions to the budget of the Ministry of Defence, 2017 saw an increase in the number of credits by 32% relative to the previous year in 2016. This massive increase is a consequence of the budgetary ambiguities that Minister of Finance Cristóbal Montoro has employed in the Ministry's budgeting in order to deceive public opinion of real military expenditures. Since 2012, the Treasury in accordance with the Ministry of Defence, has been deciding to not include the cost of the Special Armament Programmes (PEAs) in the budget, only to resort to the approval of the Council of Ministers for extraordinary credit in order to cover the costs during the tax return period. Following this framework, it accomplished the ploy, and it seemed the budget of Defence decreased when in reality it increased, as was later verified in the settlement of the budget at the end of the year. In the course of the past few years, the budget has increased by more than 2.000 M€ annually. Without the inclusion of the cost of 1,824.47 M€ of the PEA, the 2017 budget of Defence will appear to increase by only 0.6%.

These improper practices were denounced by Centre Delàs d'Estudis per la Pau, who brought it to the attention of political parties in opposition in the Deputies

of Congress, which aroused a joint protest that was signed by UPyD, IU-ICV-ERC and PSOE before the Constitutional Court, eventually ruling that the actions of the Ministry were to be dealt with as an illegal practice and that the credits must be approved in the Congress of Deputies. This eventually prevented what would have brought about the payment of PEAs in 2016, postponing it until 2017 and bringing together the two annual recurrences that add up to 1,824.5 M€, explaining the increase of 32% of the budget of defence.

But not incorporating the costs of the PEAs does not end the concealment of defence related expenditures placed in other parts of the budget. Parts of foreign military missions, which were initially assigned a credit of 14.4 M€ per year but actually cost approximately 1,000 M€, are invested from a contingency fund situated under the programme "Unexpected and classified functions" of other ministries. For 2017, Secretary of Defence Agustín Conde Bajén, in the Commissions of Defence of 26/04/2017 of the Congress of Deputies, announced that the anticipated costs of external missions would be 1,062.5 M€, in which the increased figure at the end of the year will not be 32%, rather at least 45%,<sup>4</sup> with further loans having to be added from other budgetary incomes.

4. Commission of Defence of 26/04/2017 of the Congress of Deputies

### 3. THE MILITARY BUDGET OF 2017

The military spending in Spain for the year 2017, like in other years, is in reality much higher than indicated by the Ministry of Defence. This can be seen in Table 2, where the initial spending of the Ministry of Defence is much less than the final expense with a difference of 146%.<sup>5</sup> Additionally, considering that all parties are in agreement with the given criteria in the previous chapter, we should add the Centre of National Intelligence (CNI) which is directed by a General with 50% of their members being soldiers; although today it depends on the President of Government, from 2011 it belonged to the Ministry of Defence. Furthermore, it is evident that the service of the public debt, namely the interest rates, should be included in military spending, especially for the high percentage (20% in 2017) that the investments in defence represent in military spending. In addition, we add the difference between the initial spending approved in the PGE and what was implemented in reality at the end of the financial year, which over the years (17% in 2016) exceeds a billion euros.

This year, for the first time, we have included as military spending the "war pensions" ascribed to victims of the Spanish Civil War of 1936-1939, whether they be survivors that have suffered injuries or relatives that perceive the pensions as subsidy.

These pensions, present in all Western countries that have suffered wars, are without doubt a military expense since their origin arises from being unable to prevent, resolve or transform a conflict between states, having to resort to the armed forces to resolve the issue. The imposed military solution is presented as the only way to resolve the conflict, therefore, and if the population needs subsidies to alleviate the effects of war in their lives, these must be put in place as a military expenditure. This has given rise to certain debates between the analysts of military spending; SIPRI showed support in favour of enforcing it while NATO demonstrated against, but included the issue during discussions on spending in social security, benefits, medical expenses, benefit societies and pensions. Therefore, we have opted to introduce it as another military expense.

5. The final military expenditure is an estimation from 2008 to 2016, as it is obvious that there is not a settlement of 2017

**Table 2. Initial military expenditure in Spain (2016-2017)**

*In current millions of euros*

Concepts	2016	2017	2016/2017
Ministry of Defence	5,787.89	7,638.55	31.97%
Autonomous organisations of the Ministry of Defence	1,111.33	1,077.92	
<b>Total Ministry of Defence</b>	<b>6,899.22</b>	<b>8,716.47</b>	26.34%
Military pensions and benefits	3,268.34	3,273.45	
War pensions	190.57	170.23	
ISFAS (Other Ministries)	624.12	624.45	
Civil Guard (Ministry of the Interior)	2,654.93	2,705.04	
Credits R&D (Ministry of Industry)	468.14	302.36	
International Military organisations (Ministry of the Exterior)	13.10	19.48	
<b>Total Defence criteria (NATO)</b>	<b>14,118.42</b>	<b>15,811.48</b>	11.99%
National center of Intelligence (Ministry of Presidency)	240.98	260.96	
Interest rates of the Public Debt	1,089.42	1,157.90	
<b>Total Gasto Militar inicial</b>	<b>15,448.82</b>	<b>17,230.34</b>	11.53%
Difference between initial and liquidated costs	1,412.65	1,545.66*	
<b>TOTAL MILITARY EXPENDITURE</b>	<b>16,861.47</b>	<b>18,775.99</b>	11.35%
Paid military expenses	1.51%	1.64%	
Paid military expenses/Budgeted total state	3.86%	4.24%	

\* Estimation calculated as an average in the period 2008-2016. Own elaboration. Source: General Budgets of the State

Therefore, Spanish military spending increased to 18,776 M€: a quantity that represents 51.4 M€ per day spent on the military in which each citizen contributes €404 per year of their income. This is an expense well above the 1% of the GDP that the Defence Minister María Dolores de Cospedal indicates, elevating the Spanish credit in defence to 1.64% of the GDP and bringing it closer to the 2% that is demanded insistently from the White House to their partners in NATO.

Coinciding with the presentation of the state budget in Spain for 2017, the global week of action against military spending (GSAMS) is celebrated on 18-28 April 2018. The campaign is coordinated with the **International Peace Bureau** in which an appeal is made to global public opinion in order to both reduce military spending and re-appropriate the rebate for impoverished countries with the aim of reducing the enormous rift of inequality that exists in all societies in the world.

This claim is applicable in Spain, which since the crisis in 2008 has suffered large cuts in public spending, particularly affecting civil expenditures, education, health, investments in infrastructure, public services, and the development of employment (Table 3 and Graph 1). In this Table, we can see how in the course of 10 years, the credits appointed to the creation of employment and the stimulation of the economy have been considerably reduced. Spending related to the creation of jobs has decreased by no less than 28%; in infrastructure the decrease is an astronomical 68%; grants for R&D have decreased by 21%; in culture 35%; in Education 14%; and in Health 8%. Officially, the credit of the Ministry of Defence has been reduced by 14%, although considering real total military spending, it was only 10%. We can affirm the expenditure in Defence enjoys favourable treatment compared to other departments that deal with social issues and the promotion of employment.

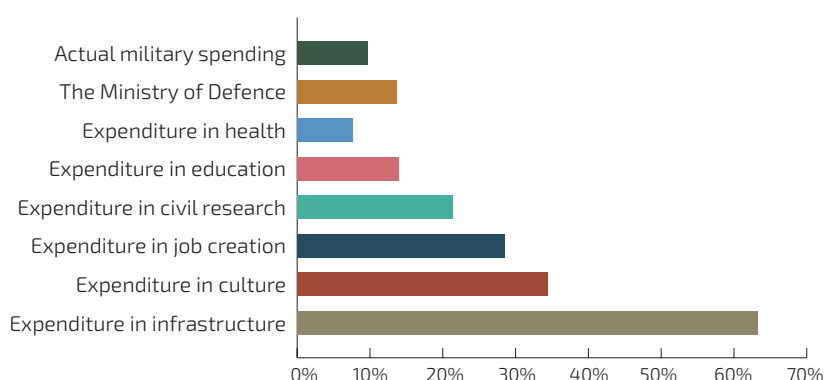
**Table 3. Political Spending 2008-2017**

*in current millions of euros*

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	Difference 2016-2017	Difference 2008-2017
Expenditure in job creation	7,684	7,584	7,751	7,329	5,765	3,772	4,073	4,746	5,214	5,499	5%	-28%
Expenditure in health	4,434	4,623	4,635	4,264	3,976	3,856	3,840	3,861	4,002	4,093	2%	-8%
Expenditure in education	2,933	2,988	3,092	2,843	2,220	1,945	2,150	2,273	2,484	2,525	2%	-14%
Expenditure in culture	1,220	1,284	1,199	1,104	942	722	716	749	803	801	0%	-34%
Expenditure in infrastructure	14,690	13,177	14,325	8,859	6,901	5,966	5,452	6,141	5,983	5,392	-10%	-63%
Expenditure in civil research	7,677	8,203	8,088	7,576	5,629	5,562	5,633	5,668	5,793	6,039	4%	-21%
The Ministry of Defence	10,091	9,726	9,154	8,560	7,411	6,913	6,776	6,853	6,899	8,716	26%	-14%
Actual military spending	20,587	19,770	19,233	18,409	18,819	17,135	16,527	17,672	16,671	18,606	12%	-10%

Own elaboration. Source: General Budgets of the State

**Graph 1. Decrease in percentages of political spending 2008-2017**



Source: own elaboration



The budget presented for approval in 2017 will continue with the same approach as the previous year: applying significant adjustments in the majority of ministries. In total, it will have produced an adjustment of 14,250 M€ bringing the total figure to 318,443 M€, of which the small increase of 1.3% from the previous year occurred in non-financial expenditures. The expenditure on armaments is prioritised, which has no social benefit and only benefits military companies. On one hand, there was an increase of 3.2% in 2016's GDP and there is an expected increase of 2.5% for 2017 that would effectively show how we are emerging from the crisis, but on the other hand, the government presents the country with a socially regressive budget.

## 4. THE MILITARY EXPENDITURE OF SPAIN ACCORDING TO SIPRI

Every year in April, SIPRI publishes an advanced report of global military spending. It is not good news that after several consecutive years of decreases in military spending, 2016 saw an increase of 0.4% in real terms as compared with 2015, reaching the figure of 1.69 billion dollars.<sup>6</sup> This increase, together with the previous year in 2014 which was 1%, marks a change in trends. Those responsible for the increase are Central and Eastern Europe, and Asia. As such, the Report indicates that military spending increased in Russia by 5.9% and in China by 5.4%, although the Chinese spending represents a smaller proportion than previous years where the figures reached double-digits. The change in trends is also evident in the United States which saw an increase of 1.7%, and in Eastern Europe with an increase of 2.6%, when it had been decreasing from the 2009 onwards after the arrival of the global economic crisis. A paradoxical case is Saudi Arabia, whose military spending this year in 2016 has decreased by 30% when in previous years it increased considerably (in 2015, 5.7%), although the decrease is cyclical this year. According to Donald Trump in May 2017, the country announced a purchase of arms valued at 110,000 M\$ that will grow to 300,000 M\$ in the next 10 years, situating Saudi Arabia back at the head of the countries with major increases in global military spending, which will undoubtedly worsen tensions in the Middle East.

In reference to military spending in Spain, a SIPRI Report shows significant changes from the Report of 2014, where military spending has increased by 3,700 M€, a surge of 38% that changes figures from 9,569 M€ in 2016 to 13,296 M€ in 2016. This is thanks to the new way that SIPRI computes military spending

in Spain, as after having maintained a fluid dialogue with the Centre Delàs d'Estudis per la Pau, it incorporates diverse military spending that used to not be included. This military spending is shared with other previously mentioned ministries in Spain and finally SIPRI has decided to include them, namely the pensions and benefits (Social Security), military benefit societies IDFAS (Other Ministries), funding for R&D for military projects (Ministry of Industry), and the difference between the initial budget of the Ministry of Defence and the settlement at the end of the year, that in the last years exceeded 2,000 M€.

It is gratifying to know that SIPRI, of which the Centre Delàs has been a collaborator for several years addressing questions related to the economy of Spanish defence, do their part to account for the Spanish military spending, and we congratulate ourselves in that the work of the investigations we accomplish around the economic cycle are taken into consideration by international centres.

From this moment forward, Spain will not be able to fraudulently claim their military spending only reaches 0.6% of the Spanish GDP, as the amounts of SIPRI increase this figure to 1.2%. It is not that Centre Delàs applauds the fact that higher military spending is *higher*, as it would clearly like it to be much less. However, at least it will not allow the government to falsely declare before public opinion that the military spending in Spain is among the lowest in Europe.

## 5. THE HIGHEST NUMBER OF MILITARY EXPENDITURES IN SPAIN

This year in 2017, for the first time, loans originating from different expenses in the budget of the Ministry of Defence take a different direction than that of previous years. This is due to the disruption that was produced from not including the loans of investments into the programmes of PEA arms. This year, in contrast, these investments are being reconsidered: section 6 of investments increased 323% relative to the year 2016, with a total loan of 2,294 M€ that represents 26.6% of the total budget of the Ministry. This reduced the high percentage that the personal section 6 used to have in previous years, that reached up to 70% depending on the year, and in 2017 was 53.7% of the total. The capital appointed to the maintenance of the services of the armed forces was reduced by 1.3% relative to 2016, which suggests that the operation of the army will continue in a terrible state, because the beginning of the budgetary adjustments in 2009 have been reduced significantly: by 18% (of 1,577 M€ in 2009 to 1,290 M€ in 2017, (Table 4 and Graph 2)). This cut in resources has received much

6. A billion = a thousand millions (mil millones)

criticism within the armed forces, therefore affecting the operational capacity of themselves, as they are not being able to accomplish exercises and manoeuvres enough to train human capacity like that of the weaponry equipment. Section 1, intended for the payment of salaries of the personnel of the armed forces, increased 2.4% relative to 2016, 1% of which was to confront the agreement contemplated by the PGE for

all the state officials, the rest to increase the number of staff with the call for new places. The increase of the rest of loans in the other sectors of the Ministry is practically irrelevant and only the 3.4 M€ in Chapter 8 stands out, which is used for the payment of financial loans granted to their own personnel in the armed forces in which they are entitled like the rest of the civil servants.

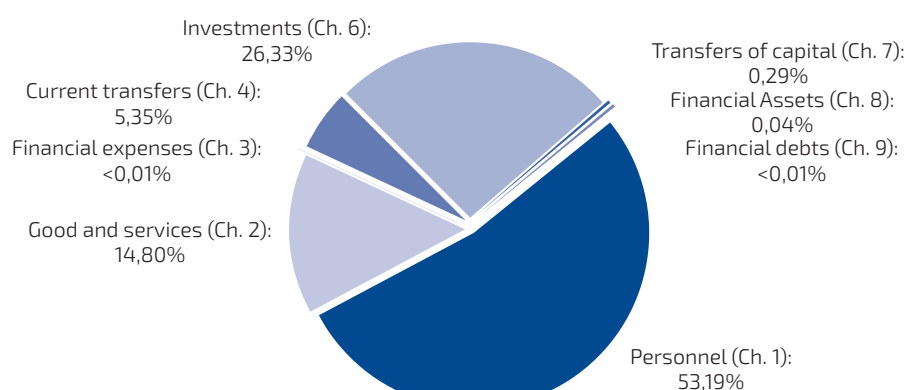
**Table 4. Distribution of the initial budget of the Ministry of Defence 2008-2017**

*In millions of current euros*

Concepts	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Personnel (Chapter 1)	5,206.30	5,326.96	5,335.68	5,046.60	4,742.73	4,606.38	4,511.08	4,503.12	4,527.40	4,636.07
Goods and Services (Chapter 2)	1,577.45	1,577.33	1,562.81	1,557.40	1,380.25	1,255.86	1,214.10	1,280.95	1,307.66	1,289.96
Financial expenses (Chapter 3)	0.19	0.19	0.15	0.58	0.38	0.28	0.11	0.11	0.11	0.21
Current transfers (Chapter 4)	445.95	451.01	437.97	419.64	425.64	469.23	466.88	486.65	492.67	466.36
Investments (Chapter 6)	2,464.32	2,005.86	1,463.27	1,211.68	782.76	551.04	557.04	553.90	542.23	2,294.63
Transfers of Capital (Chapter 7)	30.92	28.7	13	9.92	8.05	27.33	23.92	25.32	25.51	25.49
Financial assets (Chapter 8)	3.98	4.08	4.09	4.06	3.66	3.58	3.55	3.62	3.46	3.46
Financial debts (Chapter 9)	0.18	0.18	0.18			0.06	0.06	0.18	0.18	0.30
<b>Total Defense</b>	<b>9,729.29</b>	<b>9,394.31</b>	<b>8,817.15</b>	<b>8,249.88</b>	<b>7,343.47</b>	<b>6,913.76</b>	<b>6,776.74</b>	<b>6,853.85</b>	<b>6,899.22</b>	<b>8,716.47</b>

Own elaboration. Source: General Budgets of the State

**Graph 2. Distribution of the initial budget of the Ministry of Defence 2017**



Source: own elaboration

Another aspect that must be emphasised concerns the difference between the initial approved budget and the final payment of the army. Although the fraud that the budget of Defence was subjected to has already been corrected by payment commitments made through the PEA, it continues as is evident by the expenses of military missions abroad. Therefore, in section 2 of the maintenance of services, a loan of 4.3 M€ was approved, but by the end of the year, much more was spent. The expenditure for the year 2015 amounted to 1,004 M€ (Table 1 of Annex). However, we have a final settlement for the year 2015 that incorporates the expenditure of these extra missions as well as other deviations in current expenses, totalling 2,381.2 M€, a deviation of allegedly 25.7% with respect to the initial approved budget. Similar to the previous years, this gives reason to our centre to denounce the schemes in which the budget of defence in Spain is accountable, now mitigated by the judgement of the TC of the PEA.

The settlement of the budget of 2016 is not definite, but the provisional amount is 1,412.6 M€ and currently represents a digression of 17%. Without the PEA, there will continue to be significant digressions in the ex-

penses; such as the expenditure on external missions that amounted to 77.4 M€ in 2016 and the rest of the expenses were hidden in the service that, as we have already pointed out in another section, are so under-funded that they must be supplemented with more credits during the financial year (Table 2 of the Annex, Graph 1 of the Annex).

These changes in the extension of credits for Defence are caused by various factors: by extensions of credit in the running of external missions that come from the reserve fund for unforeseen expenses; from the transfers from other ministries that give up resources for the Ministry of Defence; by the transfer of property, generally in the form of assets that the Ministry sells with the obtained income incorporated in the budget; and by arms that are sold in other countries. Finally, some are remaining credits, that is to say they are remaining items that have not been made in the previous year which the Treasury allows to be incorporated into the ordinary budget of defence. Overall, we are dealing with 1,412.6 M€ that concurs with the deviation from the provisional settlement of this year (Table 5 and Graph 3).

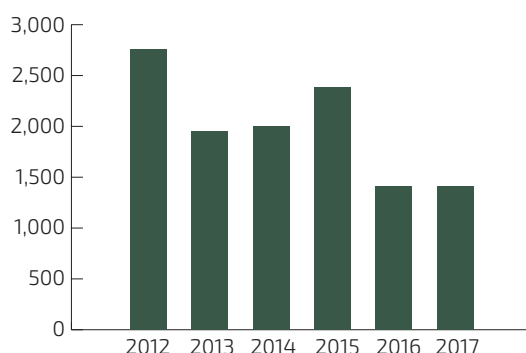
**Table 5. Budgetary changes of Defence**

*In current millions of euros*

Years	2012	2013	2014	2015	2016 <sup>1,2</sup>	2017 <sup>3,4</sup>
Extraordinary credits	1,782.77	879.48	927.74	878.01	0	0
Expandable items	753.08	782.47	733.94	1,010.78	994.95	1,062.53
Transfers	2.16	55.17	77.25	225.53	207.50	113.52
Revenues generated by the Ministry	192.31	213.1	211.95	223.79	194.69	207.17
Autonomous organisms	13.18	22.65	47.48	46.67	17.51	29.50
Excess credits	19.23	0	0	3.67	0	4.58
Cancellation fees	0.00	0	0	-7.30	-2.01	-1.86
<b>Total</b>	<b>2,762.73</b>	<b>1,952.87</b>	<b>1,998.36</b>	<b>2,381.15</b>	<b>1,412.64</b>	<b>1,415.44</b>

1. The changes of 2016 are temporary; 2. The extraordinary credits have been declared null by the Constitutional Court; 3. The expandable items consider the outside military missions and the forecast for 2017, as articulated by the Secretary of State of Defence during the Commission of Defense of 26/04/2017, is 1,062 M€; 4. The rest of the prediction of budgetary changes of 2017 are averages of the previous 5 years  
Own elaboration. Source: General Budgets of the State

**Graph 3. Increase in the Budget of Defence 2012-2017**



*In current millions of euros*



## 6. INVESTMENTS IN ARMAMENTS

The investments in armaments is divided into two big programmes: the named Modernisation of the Armed Forces (Programmes 122A), and the Special Programmes of Armaments (Programme 122B).

### 6.1 MODERNISATION OF THE ARMED FORCES, PROGRAMME 122A

The programme appointed for modernisation aims to supply armaments of the most urgent necessity to the armed forces. Especially those that are catalogued as essential for the most urgent missions and should guarantee the defence of all organs of which the armed forces are composed.

- The central organ of defence has a budget of 60.5 M€, including 24 M€ for NATO infrastructure and for the purchase of Meteor Missiles
- The army has a budget of 19.9 M€; the largest item is the purchase of munitions and explosives of 9.1 M€ and 4.2 M€ for transport vehicles.
- The Navy has credits of 10.7 M€ with 4.7 million to equip the ships with artillery
- The Air Force has lesser credit, of 2.4 M€, with 1 M€ for terrestrial vehicles
- The Institute of living and the infrastructures of Defence are an important part of the investment credits, consisting of 52.5 M€. If we add to these investments the R&D contributions that come from the Ministry of Defence, the total of investments is 542.2 M€. A quantity a little less than that of 2015. This continues to have an effect on the instability of the means available to this Ministry (Table 3 of Annex).

### 6.2 SPECIAL PROGRAMMES OF ARMAMENTS (PEAS), PROGRAMME 122B

The history of the PEAs date back to mid-1995 when the government of José María Aznar approved armament contracts of 20 and 25 years, which in 2014 were expanded further to 2030 for a cost that, according to our current data, reaches 35,478 M€ with an unknown amount of which is still owed. According to the ex-minister Carmen Chacón of the previous government of the PSOE, 30,000 M€ remains unpaid, while according to Pedro Morenés before leaving the Ministry in 2016, it was 14,000. The PEAs are each large, individual armament programmes (planes EF-2000 and A400M, helicopters Tiger and NH-90, warfare and armoured vessels), and thus these costs add up to 24 individual PEAs; (Table 4 of the Annex).

Before explaining the details of the figures of this debt in armaments, their origins have to be explained further. In 1995, the government of PP put in motion these large arms projects to equip the Armed Forces with armaments of the last generation. Some of these projects were initiated as a result of increasing pressure put on by the giant European aviation centre, EADS (today known as Airbus), a company in which the Spanish state had 5.5% of the shares, where also France and Germany participated with 23% of shares each. This company puts in place various large programmes: the new combat airplane Eurofighter F-2000; combat helicopters Tiger and the NH-90; and the military transport A-400M. These four projects, which are still in construction today, have an astronomical cost of 22,550 M€. Furthermore, entrusted to Santa Bárbara Systems – a company of INI (today SEPI) that was sold in 2001 to the American General Dynamics for 4 M€ – was the manufacture of 240 armoured Leopard, 212 armoured Pizarro, an Obús tower from 155mm and various munitions of a value of 3,700 M€. Navantia, also property of SEPI, put in place a series of warships, among them the Fragatas F-100, for a value 8,060 M€.

To relieve the Ministry of Defence of their budgetary restrictions and to not classify certain expenses as 'Defence', an engineered accounting formula was invented for particular contracts. The Ministry of Industry, in their phase of development, enabled R&D credits for manufacturing companies at zero interest and for return in 20 years. These credits have accumulated an import that exceeds 18,000 M€ between 1995 and 2016, and continue to be financed by the Ministry of Industry (Table 5 of the Annex and Graph 2 of the Annex). But some of the credits were merely a transitory solution that, over the past years, has become a nightmare as only a small part of the money has been returned to the public purse while 15,963 M€ is still owed. The military companies argue that when they have been delivering arms to the Ministry of Defence, the public Treasury has discounted the granted loans and therefore it is the Ministry of Defence that has to assume the repayment of the credits. To this effect, an agreement is signed in a three-way partnership between the Ministry of Industry, the Ministry of Defence and the military companies. A considerable problem that the Treasury does not know how to resolve is that if the debt is condoned, then 15,963 M€ will be converted into public deficit which will make it impossible to meet the deficit target that the European Commission has imposed. An additional concern with the annual payment commitments of the PEAs to the companies is that in the next years it will increase by no less than 1,500 M€ annually.

For 2017, as has already been mentioned, the payment of 1,824.47 M€ has been scheduled, which corresponds to the unpaid debts of 2016 in addition to those in 2017; the quantities for each of the programmes can be found detailed in Table 6 of the Annex. The programmes that will receive more money are the combat plane EF-2000 with 635.6 M€, the plane A400M with 388.26 M€ and the helicopter NH-90 with 200.6 M€. These three programmes are developed by Airbus, and those that follow the programme of the armoured Pizarro phase two development are serviced by General Dynamics/Santa Bárbara with 200.6 M€.

## 7. THE MILITARY R&D

Investigation, development and military innovation is financed in the General Budgets of the State of 2017 through two programmes, as has been customary in recent years. These programmes are: "Investigation and Studies of the Armed Forces" (Programme 464A) of the Ministry of Defence and "Support to the Innovation Technology of the Sector of the Defence" (Programme 464B) of the Ministry of Economy, Industry and Competitiveness. The programme 464A has a budget of 159.39 M€ and the programme 464B relies on 302.36 M€. Adding up both quantities, this makes a total of 461.75 M€ dedicated to R&D of military character in the PGE 2017.

The resources assigned to each programme have a different purpose. Programme 464A has the objective "to help equip the Spanish Armed Forces with the systems of arms and equipment with the technological level and specific characteristics best suited for future missions, and to help preserve and promote the Spanish industrial and technological base of defence," explained by the general report of the programme. Alternatively, the objective of programme 464B is to support the participation of the Spanish companies in the development of technological-industrial related projects of defence.

The assigned budget of military R&D in 2017 represents a decrease of 26.9% with respect to the budgeted quantity in 2016 in the same programmes that previously had 632 M€. This decrease is fundamentally due to the reduction in help for military industry companies, including funds in programme 464B, which dropped from 469 M€ in 2016, to 302 million in 2017. The assigned funds to programme 464A also decreased, but with a lesser proportion (see Table 6). This decrease is concentrated in the investments section (21 million in 2016 decreased to 17 million in 2017), while personnel costs and current expenditure are practically maintained with the same appropriated funds in 2016.

**Table 6. Predicted investments of the programmes 464A and 464B of military R&D for 2016 and 2017**

*In millions of euros*

Programmes	PGE 2016	PGE 2017
Programme 464A (Ministry of Defence)	163,89	159,39
Programme 464B (Ministry of Industry and Economy)	468,14	302,36
<b>TOTAL (464A more than 464B)</b>	<b>632,03</b>	<b>461,75</b>

The activities of military investigation occurred at the National Institute of Aerospace Technology "Eusebio Terradas" (INTA). From the year 2014, the INTA included all the centres of military investigation in the Spanish state. Until that point, military investigation was carried out in various centres like the Channel of Hydrodynamic Experiences, the Technological Institute of La Marañosa and the Laboratory of Engineers.

The budget of INTA for 2017 is 137 M€, exactly the same as in 2016, and represents 85% of the budget of the programme 464A. The activity of INTA has been based historically in the aerospace and aeronautic fields. However, since the inclusion of other centres, it undertakes activities concerning hydrodynamics studies and studies of defence and security technologies. Commercial activities of the certification and approval of products also occur and provide technological services: activities that contribute additional income for its operation.

The INTA, furthermore, participates in research projects financed through both Spanish and international funding. It has granted 15 projects of the Horizon 2020 plan of the European Union. Moreover, it participates in over 320 projects, of which 200 correspond to compensation and development of services. These projects provide the INTA with additional income, aside from the money assigned to them from the PGE.

The military research projects that the INTA undertake are fundamentally the same as those put in place a few years ago. The project PNOT continues with the objective to develop a system of command and monitoring, as well as the objective of generating projections of earth from the satellite PAZ. This follows the development of small satellites and the unmanned vehicle MILANO. The INTA continues with evaluations and reports in addition to the testing of weapons, materials and equipment. It also works in the field of space instruments developed from air armaments, the design and development of alternative forms of hulls for oceanic security ships, and the execution of testing the frigate F-110.

Among the activities of certification, one should highlight the projects of the planes Airbus-400M, planes EF-2000 and military helicopters. The objective of the programme 464B of the Ministry of the Economy, as stated, is to support Spanish companies for the development of technological projects related to defence. These are projects that will be financed during the current financial year are the same as the year before.

The development of the submarine S-80 led by the company Navantia has an allotment of 135.3 M€ this year, although the Ministry forecasts an addendum of 14.7 million, which amounts to a total of 150 M€ for the project in 2017. The development of the helicopters NH-90 by Airbus Helicopters has been assigned 37 M€. The construction of the two boats of maritime action (BAM), also produced by Navantia, is financed with 51.8 M€. And the technological projects related to the frigates F-110 and the armoured vehicles 8x8 have an assigned amount of 59.5 M€ with the addendum of 10 million during the current year, which will amount to a total of 69.5 M€. Therefore, the funding to the military industry for the financial year of 2017, originating from the programme 464B, increases to a total of 308.3 M€ (See Table 7).<sup>7</sup>

**Table 7. Details of budgetary investments of the programme 464B \*, 2016-2017**

*In millions of euros*

Project	Funding 2016	Funding 2017
Submarine S-80	150	150
Helicopter NH90	123.6	37
Maritime Action Boats	108.4	51.8
Frigate F110 and armoured vehicles 8x8	86.2	69.5
<b>TOTAL</b>	<b>468.2</b>	<b>308.3</b>

\* Programme 464B: Support to the technological innovation in the sector of defence, of the Ministry of Industry, Energy and Tourism (2016) and of the Ministry of the Economy and Competitiveness (2017)

The figures discussed make reference to the quantities that will be specifically allocated in the PGE of 2017 for the financing of research and military development. It makes sense that military R&D benefits other programmes of the PGE from other assigned resources. This is due to the clear interest of the military R&D in aerospace investigation and telecommunications. It may be that part of the resources are obtained through programme 467C (Investigation and development technological-industrial, with funding of 757.8 M€) or programme 467I (Technological innovation of the telecommunications, with funding of 539.8 M€), with the argument that the resources will be dedicated to an investigation that would also have civil interest.

We have to take into account the fact that R&D has other sources of public funding from the PGE. Some autonomous communities or municipalities appoint resources to this end, creating a means of direct funding to particular projects or extensions of income.

Therefore, we must consider the data presented above as the lower limit of the total resources allocated to financing military R&D in Spain. This amount will thus be greater than the 461.75 M€ accounted for as funding for the R&D&I of military nature in the PGE 2017.

## 7.1 COMPARISON BETWEEN CIVIL R&D AND MILITARY R&D

The forecasted investment in the PGE in 2017 appointed for investigation, development and innovation, has increased to 6,501.2 M€. This quantity is higher than that which was budgeted for in 2016 of 6,429.6 M€, representing an increase of 1.1%. Despite this, the total allowance to the R&D in 2017 continues to be much less than that in 2009, when the budget reached the historical peak of 10,114 M€. As in the previous financial year, the funding for investigation decreased due to the policy of cut-backs carried out by different governments.

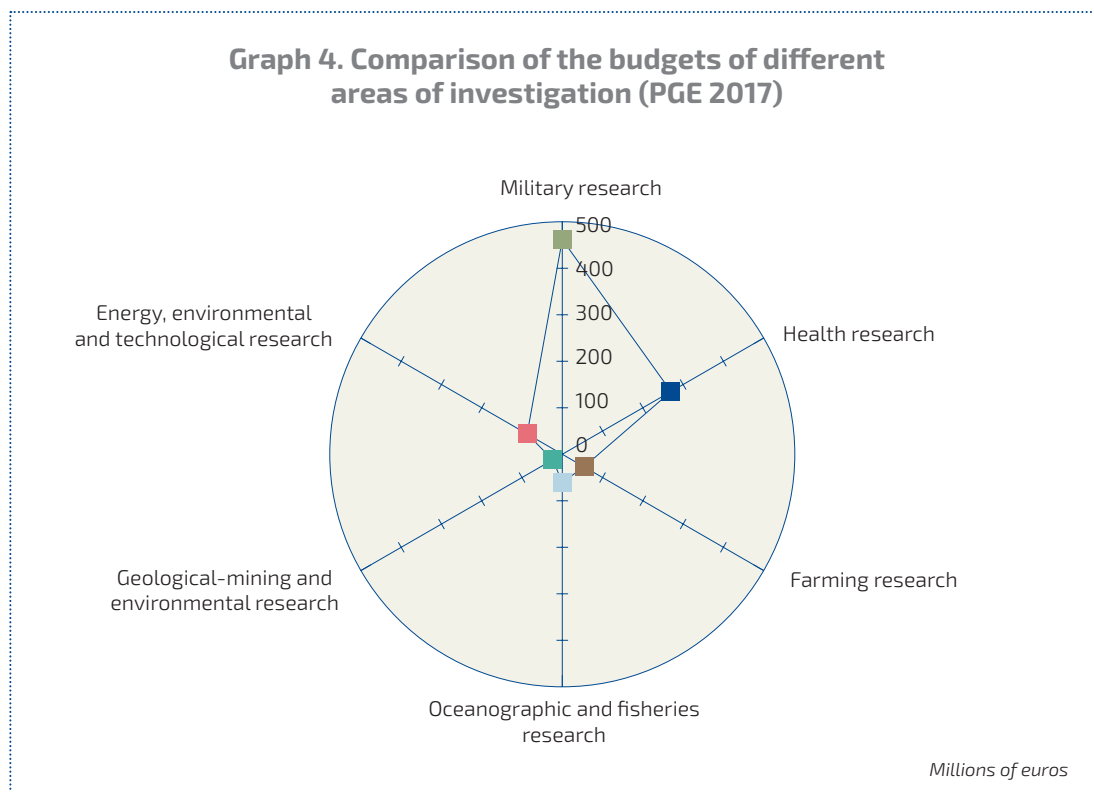
The increase in the budget appointed to the total R&D is fundamentally due to the significant increase in the financial resources, such as lending and bank loans. One must remember that the R&D budget reflected in the PGE manifests itself in non-refundable grants and refundable credits. In 2017, the credits section will represent 60% of the resources appointed to R&D. This situation is expected to make the resources actually invested in R&D be less than budgeted, since part of these credits will not be used. The licensing of these credits requires that a candidate centre or group of investigation has mechanisms available for obtaining their own resources: a requirement that cannot always met.

7. We want to make note that the addition of the corresponding assignments to the four projects rising to 308.9 M€, as set out in the summary of the programme. But in the economic summary of expenses it states that the programme 464 B has funding of 302.5 M€. We understand that the difference must be an error of transcription in the explanatory summary of objectives.



Military R&D represents 7.1% of the total allowance appointed to investigation, development and innovation in the budget of 2017. We consider this percentage excessive, taking into account the fact that investments in the investigation of the Spanish state is one of the lowest in the EU. Comparing the military R&D with the allowances in other areas of research (Graph 4), it can be seen that the budget in military R&D is 1.7 times greater than that which is dedicated

to health (programme 46%A), more than five times greater than that which is dedicated to energy, environmental and technological research (programme 467F), seven and a half times greater than that given to oceanography and fishing (programme 467E), eight and a half times greater than that of farming (programme 467D) and half that of the research and development into Industrial Technology (programme 467C).



## 7.2 PROGRESSION OF THE INVESTMENTS IN CIVIL AND MILITARY R&D IN THE PAST YEARS

Everything mentioned in this report refers principally to the budget assigned to each programme, namely the prediction of funding for each programme. But the actual investments of the state do not correspond to what was initially budgeted, but rather to the financial obligations during the financial year, quantities that do not always coincide. We have to differentiate between the budgeted credits and the financial obligations. Understanding the first as some approved credits by the Cortes Generales and reflected in the PGE. The recognised requirements are the deals acquired by the Administration with a third party for the provision of certain services, the conducting of work, subsidies, etc. after the corresponding public tender. Ultimately, they are the quantities that the Administration will dedicate to follow a certain objective.

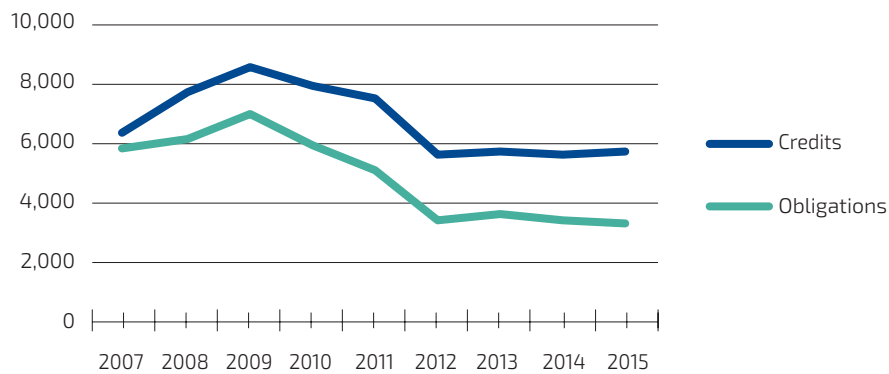
In Graph 5, we have represented the progression of the budgeted quantities and the obligations in civil R&D between the years 2007 and 2015. And in Graph 6, the equivalent quantities in military R&D. The information has been obtained from budget performance reports, published by the Treasury.<sup>8</sup>

The budget in civil R&D reached a peak in 2009, and from that year a very important decrease occurs in 2012 that is maintained from that year onward. The budget in the last few years is established. With regard to financial obligations, the seasonal progression is very similar to that of the budget.<sup>9</sup>

8. Treasury and Public Administrations, Budget Execution. <http://www.igae.pap.minhap.gob.es/sitios/igae/es-ES/EjecucionPresupuestaria/Paginas/EjecucionPresupuestaria.aspx>

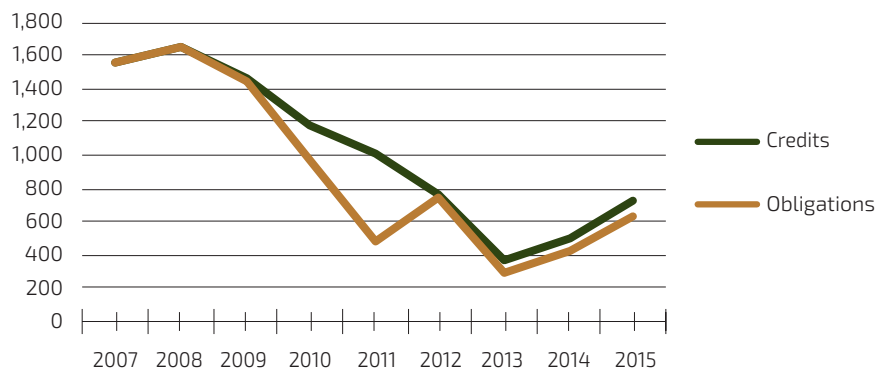
9. For a more detailed analysis one can refer to: Xavier Bohigas, «The funding of civil and military investigation in the public state sector», Para un análisis más detallado se puede consultar: Xavier Bohigas, «La financiación de la investigación civil y militar en el sector público estatal», *Papeles de Relaciones Ecosociales y Cambio Global*, núm. 137, marzo 2017, p. 159-172.

**Graph 5. Evolution of budgeted Credits and Financial Obligations in Civil R&D 2007-2015**



*In millions of euros*

**Graph 6. Evolution of budgeted Credits and Financial Obligations in Military R&D 2007-2015**



*In millions of euros*

A very significant aspect of Graph 5 is that, from 2008, the financial obligations in civil R&D are much less than the budgeted quantities. This means that the quantities that the current government are promising to invest in civil R&D are much less than the budgeted quantities and approved by the tribunal. Furthermore, the difference between both quantities is going to increase in the next years, so that the ratio between the financial obligations and budgeted credits does not even reach 60% in 2015. This shows us that the real funding of the civil R&D is much less than what is reflected in the General State Budgets in each tax year.

This situation does not happen in the military R&D (Graph 6), so that the requirements are quite well aligned with the budgeted amounts, except in the years 2010 and 2011. The degree of agreement between the requirements and budgeted credits is

90%, a percentage appearing in other areas of state expenditure.

From these statistics it is deduced that during the last years the respective governments, those that are responsible for executing the budget have made a clear and systematic discrimination towards the research of social purpose, instead in favour of military concerns which respects the expenditure agreements. This difference in treatment between the funding of the civil R&D and the military R&D with respect to the budgeted quantities and the recognised agreements, makes the weighting of military R&D relative to the total R&D much higher if we look at the real investments than if we look at the budgeted amounts. Therefore, for example, in 2015, the military R&D represented 11% of the budgeted total in investigation, but the contacted requirements were 16% of the total.

## 8. CONCLUSIONS

The accounting engineering, established in previous years on the Defense Budget with respect to the payment of the Special Programmes of Armaments (SPA) has turned into a boomerang for the government, returning to hit the issuer who must increase this year's budget by 32%. At the hearing of the 26/04/2017, Secretary of Defense, Agustín Conde Bajén, in response to questions from the group Unidos Podemos-En Comú Podem-En Marea, announced that the SPAs have a predicted spending of 21.351,4 M€ until 2030, in other words they'll have to pay between 1.000 and 2.000 M€ per year, in addition to the outstanding repayments due to the Ministry of Industry on R&D credits which amounts to 15.963,70 M€: a huge debt which must be solved and creates a mortgage for the future governments.

In the session of the Defense Commission, the day before the 25/04/2017, a demand to conduct an audit over the SPAs was submitted to first clarify precisely the amount of debt which the military companies have and the refunds in aid to R&D of the Ministry of Industry. Of special concern was to find out if there are irregularities or non-compliance with the SPAs.

The Green Paper submitted by the same group Unidos Podemos-En Comú Podem-En Marea has been rejected by the votes of Partido Popular, Ciudadanos, PSOE and PDeCat, which is a shame. The two parties that have governed in Spain alternatively don't want the anomalies that surround the SPA's contracts to be known. In reality the SPAs are a threat to those parties and will continue to be pending their clarification. The secrecy that surrounds them will be clarified one day and will bring to light the irregularities that are being concealed.

Meanwhile, new armament programmes are appearing that are already announced without being approved by the government, but with budgetary allocations for an appropriated preparation: 86,2 M€ in 2016 and 69,5 M€ in 2017. This concerns the armoured Piranha 8x8 at an estimated cost of 1600 M€, a new Frigate F-110 for 800 M€ and four planes UAV Reaper amounting to 160 M€. This means the SPA keep on rising their numbers, costs and, therefore, their debts. From those three programmes, the Frigate F-100, is without a doubt the least necessary from a strategic point of view as the army already has five of the same model. Undoubtedly, the true mission is to provide a workload for the Shipping Company Navantia so that they are not doomed in a crisis that has dragged on for years, as it is operating with an annual loss in its account of results, 166,7 M€ in 2015.

The most rational proposal remains the same as what we have stated in previous reports that analyse the SPA and Spanish military spending. That is to reduce acquisitions and, as much as possible, to annul contracts that can be cut if they are again conducted by the previous government. As employment of the military industry will be affected, studies on the conversion of the industrial line that produce those weapons should be initiated, with the complicity and participation of as many institutional and social actors as possible, starting with the same trade unions.

On the contrary, from an economic perspective, there continues to be a loss of opportunity for companies in the productive economy, and it will continue sinking into crisis, by producing useless goods from a social point of view, as weapons consume state resources, that, if assigned itself at the productive economy, would have a better impact on employment creation. The discrimination between the resources allocated to civil R&D relative to military R&D has been demonstrated in the chapter that analyses military R&D, as the obligations pledged for the military R&D, at the end of the year, are bordering 100% of the Budget provisions, while the obligations assumed for the civil R&D are well below then budgeted and are not implemented in its entirety, only 60% in 2015. In addition to this, the R&D is, in general, divided in nonrefundable grants and reimbursable loans, and this year 2017 the part of reimbursable loans represents 60% of the total of the resources devoted to R&D. Therefore, the resources in civil R&D will have a degree of enforcement much lower than the military R&D, because these are fully granted and they benefit from the mechanism established in the SPA of credits that are not returned until the weapons are handed over.

In the current situation of huge setbacks in public politics that has generated the crisis of the financial capitalism, the political economics of the governments should change to protect the welfare state, which means policies provide genuine security and protection to people, developing policies that encourage the productive economy which provide employment. Neither weapons, nor R&D and the military industry produce them, nor the army that consumes them (given its massive budget of 18.776 M€ in 2017) provide much needed security in employment or in social protections. Rather, this spending weakens the welfare state by channelling resources towards an unprofitable goal: military security.



**Table 1. Expenditure settled  
of military forces abroad**

*In millions of current euros*

Year	Initial budget	Liquidated budget
1990	0.00	18.74
1991	0.00	45.85
1992	0.00	17.70
1993	0.00	58.28
1994	0.00	103.11
1995	0.00	133.97
1996	0.00	180.28
1997	0.00	128.12
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	416.04
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	14.36	713.50 <sup>1</sup>
2010	14.36	787.90 <sup>2</sup>
2011	14.36	861.39 <sup>1</sup>
2012	14.36	769.08 <sup>3</sup>
2013	14.36	791.20 <sup>4</sup>
2014	14.36	616.80 <sup>5</sup>
2015	14.36	1,004.40 <sup>6</sup>
2016	14.36	771.40 <sup>7</sup>
2017	14.36	1,062.53 <sup>8</sup>
<b>TOTAL</b>	<b>501.18</b>	<b>12,365.68</b>

Own elaboration. Sources: State budgets, Budget Office

1. Info 9/7/2012; 2. The Defense Commission 16/12/2010;

3. The Defence Commission 17/4/12; 4. The Defence Commission

18/12/2013; 5. *El País* 17/12/14; 6. *El País*, 21/3/2017; 7. *El País*,

21/3/2017; 8. Estimation of the Secretary of Defence, Agustín

Conde Bajén, during the Defence 26/04/2017

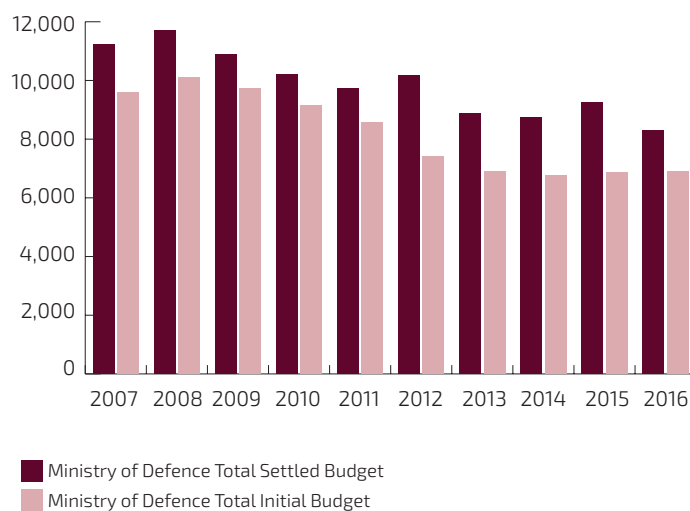
**Table 2. Liquidated Budget 2007-2016**

*In millions of current euros*

Concepts	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016 <sup>2</sup>
Ministry of Defence	9,340.08	9,810.79	9,344.21	8,715.19	8,301.09	9,066.29	7,867.10	7,696.66	8,102.26	7,183.03
Autonomous Agency of the Ministry of Defence	1,654.83	1,613.57	1,280.31	1,242.01	1,195.04	1,108.18	999.30	1,037.24	1,132.80	1,128.84
National Intelligence Centre <sup>1</sup>	241.57	264.71	255.06	241.37	228.20					
<b>Total settled budget of the Ministry of Defence</b>	<b>11,236.48</b>	<b>11,689.07</b>	<b>10,879.58</b>	<b>10,198.57</b>	<b>9,724.33</b>	<b>10,174.47</b>	<b>8,866.40</b>	<b>8,733.90</b>	<b>9,235.06</b>	<b>8,311.87</b>
Total initial budget of Defence	9,576.52	10,091.95	9,726.36	9,154.42	8,560.09	7,411.74	6,913.65	6,776.75	6,853.85	6,899.22
Gap	1,659.96	1,597.12	1,153.22	1,044.15	1,164.24	2,762.73	1,952.75	1,957.15	2,381.21	1,412.65
Variation %	14.77	13.66	10.60	10.24	11.97	27.15	22.02	22.41	25.78	17.00

1. The initial Budget is reported. The CNI are invoking the law on official secrets and doesn't facilitate the settlement; 2. Provisional liquidation on the 3/2017; Own elaboration. Source: State General Budget

**Graph 1. Initial/settled budget of the Ministry of Defence 2007-2016**



*In millions of current euros*

**Table 3. Military Investments/State Budget consolidated**

*In millions of current euros*

Year	Investments of the Ministry of Defence	Military R&D Ministry of Industry	Total of the Military Investments	Public Investments of the Central State	% of Investment of Defence and the Central State
2002	1,913.43	1,176.85	3,090.28	9,745.89	32%
2003	1,985.80	1,049.90	3,035.70	10,004.18	30%
2004	2,088.92	1,070.00	3,158.92	10,523.84	30%
2005	2,199.70	1,014.60	3,214.30	11,737.05	27%
2006	2,229.84	1,358.01	3,587.85	25,263.44	14%
2007	2,379.41	1,265.06	3,644.47	28,629.74	13%
2008	2,464.32	1,388.57	3,852.89	31,767.26	12%
2009	2,005.86	1,157.52	3,163.38	31,503.65	10%
2010	1,463.26	979.22	2,442.48	29,276.86	8%
2011	1,211.68	794.84	2,006.52	20,684.06	10%
2012	782.75	582.77	1,365.52	15,531.57	9%
2013	551.03	218.15	769.18	13,033.78	6%
2014	557.04	343.60	900.64	12,094.93	7%
2015	553.90	563.92	1,117.82	13,103.37	9%
2016	542.23	468.14	1,010.37	13,310.48	8%
2017	2,294.63	302.36	2,596.99	12,867.46	20%

Own elaboration. Source: State General Budget

**Table 4. Special Programs of existing Arms 2016**

*In millions of current euros*

Name	Companies	Period	Actual cost	Situation 2016
73 Planes EF-2000	Airbus Defence, Santa Bárbara, ITP, Indra, Aeronova, Tecnobit	1997/2024	12,843.00	60 delivered
4 Frigates F-100	Navantia, Indra, Maxam	1997/2010	1,997.50	Finished
239 Armoured Leopard	Santa Bárbara, Indra, Navantia, Electroop, Amper	1996/2017	2,550.77	Finished
139 Armoured Pizarro	Santa Bárbara, Steyr, Puch, Indra, Sapa Placencia	2005/2024	786.94	117 in 2016/17
18 Helicopters Tigre	Airbus Helicopter, Sener, Amper, ECESA, Indra	1997/2014	1,738.03	Finished
1 Ship BPE	Navantia, Indra, Saincel	2004/2010	505.47	Finished
14 Planes A400-M	Airbus Defence, Flabel, ITP, Sener, Tecnobit, Alcor	2001/2029	5,018.97	None
4 Submarines S-80	Navantia, Tecnobit, SAE, Indra, Técnicas Reunidas	2011/2018	2,800.00	in production
22 Helicopters NH-90	Airbus Helicopter, Sener, ECESA, ITP, Indra	2006/2021	1,585.14	5 delivered
1 Frigate F-105	Navantia, Indra, Maxam	2006/2012	836.24	Finished
770 Missiles Iris T (EF-2000)	Sener, Expal, ICSA	2005/2011	282.43	Finished
4 Ships BAC provisioning or fighting	Navantia, Indra, Saincel	2003/2022	260.16	3 delivered
4 Ships BAM	Navantia, Indra, Saincel, Navalips	2006/2012	530.41	Finished
43 Missiles Taurus (EF-2000)	Taurus Systems, EADS, Sener	2004/2010	59.64	Finished
2600 Missiles anti-tank Spike	Rafael (Israel), Santa Bárbara, Tecnobit	2007/2022	364.69	in production
82 Shells 155 mm	Santa Bárbara, Amper, Iveco	2006/2023	195.99	in production
4 Helicopters Cougar UME	Airbus Helicopter	2007/2011	80.01	Finished
Firefighting planes UME	Airbus Defence and Space	2008	40.55	Finished
Node CIS UME	Indra	2009/2010	60.37	Finished
8 Helicopters EC-135	Airbus Helicopters	2013/2015	49.00	Finished
2 Ships BAM (5° y 6°)	Navantia, Indra, Saincel, Navalips	2014/2019	333.48	1 delivered
1 Frigate F-110	Navantia, Indra	2015/2022	800.00	
348 Armored Piraña 8x8	Santa Bárbara, SAPA, Indra	2016/?	1,600.00	
4 Drones UAV/Reaper	General Atomics, Sener, Indra, IAI	2016/2020	160.00	
<b>TOTAL</b>			<b>35,478.79</b>	

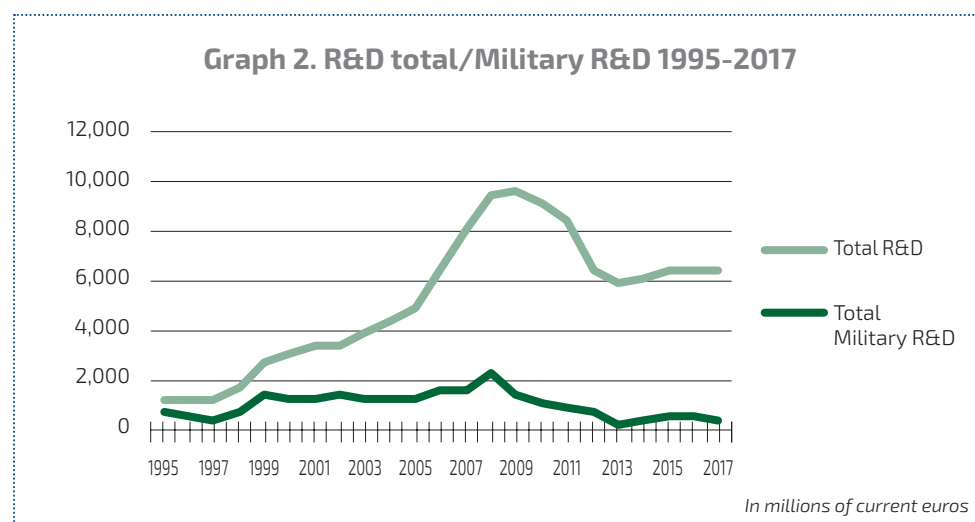
Own elaboration. Centre Delàs, January 2017

**Table 5. Military R&D in Spain**

*In millions of current euros*

Year	R&D Ministry of Defense	Military R&D Ministry of Industry	Total Military R&D	R&D total	% Military/total
1995	291.29	452.33	743.62	1,244.29	59.76%
1996	291.29	332.25	623.54	1,244.29	50.11%
1997	290.11	212.16	502.27	1,352.68	37.13%
1998	300.14	581.00	881.14	1,867.95	47.17%
1999	294.75	1198.58	1,493.33	2,767.84	53.95%
2000	293.48	964.11	1,257.59	3,053.86	41.18%
2001	382.11	947.80	1,329.91	3,435.30	38.71%
2002	314.04	1176.85	1,490.89	3,465.40	43.02%
2003	322.97	1049.90	1,372.87	4,000.12	34.32%
2004	303.42	1070.00	1,373.42	4,402.00	31.20%
2005	315.69	1014.60	1,330.29	4,972.23	26.75%
2006	325.88	1358.01	1,683.89	6,510.81	25.86%
2007	361.04	1225.06	1,586.10	8,060.42	19.68%
2008	355.67	1308.57	2,363.67	9,342.55	25.30%
2009	312.41	1149.92	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	11.48%
2012	174.05	582.77	756.82	6,397.62	11.83%
2013	145.29	218.15	363.44	5,926.29	6.13%
2014	163.24	343.60	506.84	6,139.99	8.25%
2015	163.00	563.92	726.92	6,395.40	11.37%
2016	163.89	468.14	632.03	6,429.60	9.83%
2017	159.39	302.36	461.75	6,501.17	7.10%
<b>Total</b>	<b>6,158.95</b>	<b>19,070.12</b>	<b>25,100.08</b>		

Own elaboration. Source: State General Budget





**Table 6. Payments of Special Programs of arms in 2016-2017**

*In thousands of current euros*

Programmes	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	Total
Tigre Attack Helicopters	306.00	60,638.00	141,361.51	118,815.87	34,267.57		76,816.66	89,000.00	145,000.00	69,715.99	971.22	76,156.45	825,057.15
Plane A 400M	1,000.00	1,000.00	1,000.00	1,000.00	1,000.00	1,000.00	992.03	47,850.84	144,258.27	155,586.44	1,165.67	388,256.49	588,523.30
Plane EF-2000	39,574.00	3,690.15	215,406.94	158,440.99	167,193.20	151,137.69	1,179,424.11	377,660.89	435,824.05	413,362.89	5,577.48	635,936.18	5,477,614.76
Armored Leopard	11,848.00	1,014.82	84,560.68	128,580.53		464.25	242,337.28	2,429.00		1,452.00		2,281.00	474,967.56
Shell 155/52	3,060.00	312.10	10,000.00	14,552.00	12,999.99			32,473.29		10,000.00		20,000.00	103,397.38
Multipurpose helicopter NH-90	200.00				3,000.00	446.48	16,065.97	75,191.05	84,173.60	44,765.88	1,278.30	281,772.05	506,893.33
Ship of Marine Action (SMA)	100.00	140.00			37.88			1,000.03		1,000.00		1,999.99	4,277.90
Missile Alas (TAURUS)	1,724.00	1,500.00	11,878.50	27,362.22	6,467.41		187,799.35	15,085.71		10,245.63		10,057.15	272,119.97
Antitank guided missile or Spike			4,787.42	1,000.00	14,972.08	219.96	35,967.94	34,580.06	22,891.58	20,000.00		40,000.00	174,419.04
Helicopters of transportation					14,491.00	168.66	27,824.41		85,800.17	2,158.00		13,257.00	267,642.24
Frigates F-105	150.00					206.80	19,473.65	69,859.12		6,577.71		2,000.01	98,267.29
Drop-down UME CIS nodes	51,273.08						718.53	5,965.20		5,965.20		11,930.40	75,852.41
Helicopters EC-135								10,000.00	2,078.73	39,200.00	8.66	13,991.35	65,278.74
Frigates F-100	1,184.86	101.48	19,261.35	234.00			2,769.95	2,769.95		6,000.00		96,703.64	129,025.23
Strategic Projection Ship LLX								93,290.19		2,742.73		5,485.46	101,518.38
Ship BAC - AOR			1,000.00	31,582.64				28,275.03		1,000.00		2,000.00	63,857.67
Submarine S-80			29,558.21	2,742.73	11,057.28	234.49	38,968.56			1,493.85		2,000.00	1,774.34
Missile IRIS-T						47,598.51							133,419.14
Pizzaro infantry fighting vehicle (2nd Fase)	7,758.06	5,465.00	13,549.05	12,450.95					55,000.00	60,000.00		200,649.83	354,872.89
Firefighting planes UME										10,000.00		20,000.00	30,000.00
<b>TOTAL</b>	<b>118,178.00</b>	<b>73,861.55</b>	<b>532,363.66</b>	<b>496,761.93</b>	<b>265,486.41</b>	<b>201,476.84</b>	<b>1,829,158.44</b>	<b>885,430.36</b>	<b>975,026.40</b>	<b>705,679.88</b>	<b>9,001.33</b>		<b>7,931,571.69</b>

Own elaboration. Source: State General Budget. Programme 122B

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