

## The redundant military



The Paraguayan State is still clinging to an outdated model of security based on military security rather than social development. In the last national budget, expenditure on the armed forces and the police increased while social spending went down. This means that Paraguay will not meet its Millennium Development Goals (MDG) in 2015, since the Government's policy will lead to higher rates of poverty and will limit still further the human security of the people.

DECIDAMOS - Campaña por la Expresión Ciudadana

Juan Carlos Yuste

### The general national budget as a tool for development

Indicators show that there is very little social development in the country. Between 1995 and 2001 the poverty rate increased from 30% to 34% and extreme poverty rose from 14% to 16%. There is also gross inequality in the distribution of wealth: in 2001 the poorest 20% received 3% of total household income while the richest 20% took 60%. Many people do not have access to health services - in 2001 the rate of maternal mortality was 160 per 100,000 live births. In 2002 only 53% of the population had access to drinking water and the sewage network only reached 9% of the population.<sup>1</sup>

The real economic resources<sup>2</sup> available to the State to provide for the social rights of its citizens are allocated in the general national budget (GNB). The GNB has inbuilt economic limitations (like the 19.4% of the administration's expenditure needed to service the foreign debt) but ultimately these are the economic resources that the Government has to guarantee social rights. If social development programmes were given priority in the allocation of these resources the present poverty gap would be considerably reduced.

In the 1990s there was a steady increase in the budget allocation for social services, particularly education, but it was not enough to bring about any substantial reduction in the gap between rich and poor because at the start of the period public investment in social services was extremely low.

Paraguay is lagging far behind other Latin American countries. Average expenditure on social services per capita is USD 140 whereas in Latin America as a whole it is USD 696; investment in education is USD 66 per capita against the Latin American average of USD 169; and investment in

health is USD 19 while the average for the rest of Latin America is USD 133.<sup>3</sup>

Since 2000, the steady (albeit insufficient) increase in spending on social services has been reversed and it has now begun to fall. In the GNB for 2004 social expenditure will fall by 11% compared to last year and by even more compared to the 2002 commitment to social spending.<sup>4</sup> Other structural problems, like corrupt relations between the private sector and the government party or maintaining obsolete and useless armed forces, are not on the parliamentary agenda so those budget allocations will remain unchanged.

Over the years too little of the GNB has been allocated to increased spending on social services, and priority has been given to sectors that are connected to keeping the government party in power.<sup>5</sup> This has been achieved by ensuring support of key sectors of society through nepotism and favouritism, and by satisfying the demands of the security institutions - basically the armed forces - in return for political stability. This bias can be seen from the way the 2003 GNB was implemented: the central Government spent 72% of its budget; the Ministry of Defence 84%, the Ministry of Health 70% and the Ministry of Agriculture only 52%.<sup>6</sup>

To reduce the gap in the provision of social services it is essential to increase social investment, so it is imperative that the budget be reorganised. At the present time the allocations are not in the least conducive to social development or human security since priority is still being given to the armed forces and power groups linked to the Government.

### Military expenditure

Military expenditure increased by 111% between 1988 and 1999. The biggest increases have occurred when the armed forces intervened in politics - destabilising democracy incidentally - and the political factions that benefited from this repaid them by raising military expenditure. Those increases came in 1989 after the coup in which

General Andrés Rodríguez deposed General Alfredo Stroessner and in 1992 when military support helped the Colorado Party win the elections for seats in the National Constitutional Assembly. Also in 1993 when the armed forces supported the Colorado Party candidate's election campaign and afterwards that of President Juan Carlos Wasmosy; as well as in 1996 after General Lino Oviedo's first military revolt.

In 1997 the armed forces managed to get the Statute of Armed Forces Personnel passed. One of the benefits of this connivance was that the salaries of the armed forces personnel would be raised automatically whenever there was an increase in the salary of the Minister of Defence, a law which ensured that their salaries would be continually raised. The law itself states that this is in "recognition for the fundamental democratic role played [by the armed forces] in the events that took place in March".<sup>7</sup>

In 2003 the budget for the Defence Ministry (MDN) went up to USD 54 million. Of this sum, 85% was for salaries, 10% for purchases (food, textiles, fuel) and the rest for minor expenses such as maintenance and construction work. Only 0.56% of the MDN budget was allocated to the purchase of weapons.<sup>8</sup> The proportion of the budget spent on salaries increased from 48% in 1988 to 85% in 2003, which shows that the pay of the armed forces has been given priority over the institution's military role.

From 1997 to 2000 retired military personnel, who are paid much more than they ever contributed toward their pension fund, generated a deficit of nearly USD 100 million with the Treasury;<sup>9</sup> and in 2003 alone the figure was USD 27 million. If to this is added the cost of pensions for the police and war veterans the deficit comes to nearly USD 90 million.<sup>10</sup> This expense is met by the taxpayer.

1 United Nations Paraguay. *Millennium Development Goals. Paraguay Report*. Asunción. 2003.

2 From taxes, charges, etc., not from loans with a set repayment date.

3 UNDP/UNICEF. *Social Expenditure in the Budget*. Year 1, No 1, Asunción, 2003.

4 *Ibid.*

5 The National Republican Association (ANR - Partido Colorado) has been in power continuously since 1947.

6 Treasury Report. December 2003.

7 This is in reference to the events that followed General Oviedo's failed coup against then President Juan Carlos Wasmosy in March 1996, when sectors of the armed forces intervened decisively in support of the President.

8 Couchonal, Ana and Orlando Castillo. *Military expenditure in Paraguay 2003*. Asunción: SERPAJ-PY. 2003, pp. 10 and 41.

9 Couchonal, Ana and Orlando Castillo. *Military expenditure in Paraguay 2001*. Asunción: SERPAJ-PY. 2001, p. 33.

10 Treasury Report. December 2003.

## How not to meet the MDGs

UNDP Paraguay has calculated the additional financial resources the country will need to reach the MDGs in 2015, which were freely adopted by the Paraguayan Government at the Millennium Summit in New York in 2000. The total is approximately USD 160 million per year distributed as follows: poverty reduction (USD 26 million), reduction of malnutrition (USD 11.4 million), basic health services (USD 28.8 million), initial basic education (USD 25 million), access to drinking water (USD 26.9 million) and sanitation services (USD 39 million). To achieve this, an additional social investment plan has been proposed in which the allocation for 2004 would come to USD 70 million.<sup>11</sup>

Considering that the State has fixed financial commitments like servicing the foreign debt, covering the treasury deficit and paying salaries in the public administration, and that the current budget deficit stands at USD 158 million, there will not be very much left in the budget to meet the MDGs. It will be necessary to take measures which include raising taxes, reducing the number of public employees and implementing reform in the treasury.

While the reforms are being carried out, regardless of whether or not they are successful, it is necessary to focus on other expenses that do not result in any benefit for the general public, as is the case of military expenditure. This item alone amounts to a third of what is needed to meet the MDGs and 71% of the figure the United Nations set for 2004. This money could finance a qualitative leap forward for the population in social development, quality of life and access to social rights.

Year after year the country spends millions of dollars on military security presumably against threats posed by foreign nations, money which, in a zero-sum system like the GNB, is denied to other sectors. This money is diverted from social development and therefore generates poverty. In the current situation this expenditure is unproductive and unjustified, it does not yield any return or contribute to the wealth of the country.

## The need to reduce military expenditure

After two wars in the last two centuries and various military dictatorships, the armed forces have attained an enviable position in the power structure through which they have obtained numerous privileges both as an institution and for their members. Military expenditure is justified explicitly for the country's defence against potential attack by another country, but the real justification lies in the role that the armed forces play in defending the existing power structure.

Historically armed conflict always involved Paraguay's neighbouring countries (Brazil, Argentina and Bolivia), but today the country is not involved in any official territorial disputes with any country and is in fact in the process of integration into a regional agreement with its neighbours.

In fact, the army's barracks and its personnel seem to have been constructed and deployed more with a view to controlling the capital city than to defending the country against foreign attacks. In any case, the armed forces are in no condition to fight any kind of war no matter how small because most of their military equipment is over 20 years old and therefore obsolete, their training is still based on outdated techniques and not geared to modern warfare, and they do not have access to modern military technology. Even if this were not the case, the military capacity of Paraguay's neighbours is so overwhelming that seeking a military solution to any conflict is simply not an option.

Besides this, as stated in the 1994 UNDP Human Development Report "the pursuit of human security must be carried out through development and not through arms".<sup>12</sup> The concepts of defence and of security have changed: no longer is it the country's borders or territory that have to be defended, but the human rights of its population. With the advent of globalisation, a State does not have in fact total control over its national territory or total power to regulate what happens in it. Transnational corporations, *maquilas*<sup>13</sup> and the IMF are the best illustrations to show that to extract a country's wealth or to impose regulations on it there is no need to physically invade it.

In the world today many more actors have a share in controlling a country and taking decisions about what happens there, ranging from supra-national bodies like the IMF and the International Court of Justice to social movements and public opinion, both domestic and international. Therefore the anachronistic absolute authority of the State which the armed forces used to guarantee by controlling the nation's territory has been completely shattered, so much so that today the armed forces cannot perform the new functions that are required for the security and defence of societies that are pluralistic, democratic and interconnected. New institutions, new skills and new knowledge are needed to ensure that societies and their citizens can develop and survive in a global context.

## "Let's disarm the budget"

Since 1997, a group of social organizations and NGOs have been running a campaign against expenditure

in the armed forces called "Let's disarm the budget". They propose that military spending should be gradually reduced and the "dividends of peace" invested in social development. Once a year they publish a study of budget allocations to the armed forces and economic and political proposals for reducing these and investing the funds in social services. This publication is distributed among social organisations, members of parliament, journalists and the general public. They are also actively lobbying parliament for the reduction of military expenditure.

So far the campaign has succeeded in sensitising the public opinion, the press, and some people involved in decision-making. It has not brought about an effective reduction in the military expenditure but it has managed to restrain the constant increases that the armed forces enjoyed in the 1990s. It has also obtained some budgetary concessions for social expenditure such as free maternal and child care up to the age of 5, which will be implemented in 2004.

## The dividends of peace

The country is incapable of sustaining any military confrontation with its neighbours. No matter how much is spent on the armed forces, it would still not act as a deterrent in a possible war situation. Therefore the cost-benefit ratio between military spending and national defence is nil. All the money invested in the armed forces is of no use to defend the country militarily, and it is wastefully diverted from other areas.

The real conflict and the need for human security in the country has to do with the people's poor quality of life, as reflected in the social indicators mentioned above. The budget should be realigned to focus on alleviating these sources of insecurity, and public policies and institutions have to be created to meet the new needs for security and defence, which consist in upholding human rights. As an institution, the armed forces are entirely out of date, since the role they played in the past pertains to a different model of defence and security. Today, rather than being a vehicle for defending society they have become an obstacle and even a threat to society. They are a danger to political stability and hinder human development because they absorb resources in unproductive activities. For the armed forces to adapt to the new security demands of the 21st century these military structures must be progressively dismantled followed by total demobilisation, giving way to institutions that are more able to respond to the challenges of a new era. The resources freed by this readjustment, the dividends of peace, will be an important tool for achieving sustained social development. ■

11 UNDP/UNICEF, *op cit.*

12 UNDP Paraguay, *Human Development Report*. 1994, p. 7.

13 *Maquilas* are plants of a foreign or transnational company set up in a country where labour is cheap in order to manufacture or assemble some (not all) components of a finished product.