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PART ONE



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CHAPTER 1

The states and national defense: a perspective on the sector

1.1 The State

In Latin America's recent history, countries have constantly experimented with different models of economy, society and policymaking. Most of the thinking done on the subject in the region shows an "inflation of diagnostics" which, as a corollary, has promoted constant policy changes. It has, therefore, been difficult to assess the result of a previous policy, once abandoned and superseded by another new phase. However, there are permanent attempts to revive each model previously applied. Populism was traditionally one way of addressing the demands of new middle-low and popular social sectors in times of modernization, accompanied by a protectionist-economic model of a semi-closed economy, which found a fertile ground all around the region. Politically, this was expressed in authoritarian or semi-authoritarian governments which, however, the inclusion and involvement of popular sectors. Although this model no longer exists, the style persists and re-emerges in other forms which do not contribute positively to today's economic model.¹

¹ The inflation of diagnostics is an expression used by Albert Hirschman in the 70's. Populism has ceased to be a matter of contemporary study of Latin America. More recent work includes a revised version of the 1978 compilation of Michael L. Conniff, *Populism in Latin America*, University of Alabama Press, 1999; and the classic work of June Nash, Juan Corradi and Herbert Spaulding, *Ideology and Social Change in Latin America*, Gordon & Breach Pu., 1977.

In the 80's, the entire region had to shift towards the so-called "*Washington consensus*", which consisted in a number of economic measures intended to suffocate inflation by way of strict fiscal policies.² These resulted in a reform of the State and its role. Most of the state-owned companies were transferred to private owners, including a large portion of the countries infrastructure across the region. The State ceased to be the guide for society and its economy; lost its role as protector of the low classes and, hence, reduced its involvement in order to focus social programs and assistance only on a few sectors. Education and health lost their well-known inclusive and quality features, directly affecting the possibilities of social ascent for those sectors of society impoverished in the last few decades. Social inequality was an undesired effect of such policies, but one which was obviously expected. Some countries tried bold financial changes, such as leaving their currency to adopt the US dollar (such is the case of El Salvador and Ecuador), or implementing foreign exchange schemes by which their currency was pegged to the dollar (as in the case of Brazil and Argentina).

The application of this model was simultaneous to the process of democracy reconstruction all across the region. At the same time liberties were being recovered, a political system based on free elections was built and the military were subjected to the control of civilian leadership, those economic and financial "recipes" were applied, increasing poverty and social inequality. Financial crises such as the Mexican crash in 1994 and the Brazilian crisis in 1988 showed the need to limit such programs. Brazil had to announce that its currency would no longer be pegged to the dollar. In the case of Argentina, abandoning the Washington Consensus meant a financial, social and political crisis which ended with the resignation of president Fernando de la Rúa in December 2001. Not long before, social discontent had led president Jamil Mahuad to step out of power in Ecuador, followed by president Gonzalo Sánchez Lozada in Bolivia. Other countries continue to live in constant fragility; while it still remains to be seen what course most of the countries in the region will take.

As a consequence of globalization and the predominance of economic adjustment programs, a strong wave of immigration of Latin Americans towards more prosperous countries has taken place. Thus, several countries's remittances from their nationals are their main revenue source. In 2004, it was estimated that Latin American workers remitted about US\$45 billion from developed countries to their homes. This amount only includes remittances from legal citizens living abroad, who use a recognized

² The so-called "Washington consensus" expression is attributable to John Williamson (*The Political Economy of Policy Reform*, Washington, Institute for International Economy, 1991), to refer to the set of measures driven by the institutions created in Bretton Woods, the IMF and the World Bank, to reduce government spending, privatize state companies, carry out severe fiscal adjustment policies, reduce the number of employees in the civil service, etc.

financial channel for their money transfers. The figure does not consider, however, money sent by illegal immigrants, remittances through travellers who act as intermediaries, and deliveries in kind. For small countries in Central America and the Caribbean, remittances from immigrants have become their main resource, and in others, such as Colombia and Ecuador, they are the second source of income after oil exports.³

1.2 State, civil society and political regime

In spite of the various experiments conducted in the political, social and economic fields, the key player of the region continues to be the State. Its pre-eminence over society is part of its historical heritage. The region was organized by the colonial state; and it was the primitive administrations of the newly-created republics that little by little took territorial control and organized society, which at the time was split in two large groups: the dominating group, composed of a small elite of professionals and armed regional leaders ("caudillos"), and the dominated group, i.e. their followers or simply the rest of the people.

The 20th century was the time in which most of the countries consolidated their structures based on the will and power of the State. The scope, however, differed from country to country. Some of them, such as Chile, Argentina, Uruguay and Costa Rica, virtually controlled the entire territory, economy and people. Others established the State in their central areas, thus leaving more leeway in the peripheral areas, by entering into alliances with local elites, as is the case of Brazil and Mexico. Other countries, such as Colombia, lived a partial process, thus suffering as a consequence a loss of territorial control to the various "war lords". The governments of countries with a large indigenous community chose the exclusion path, thus preventing native inhabitants from enjoying the benefits of regular citizens. Overall, such was the model used in Guatemala, Ecuador and Peru. Bolivia does not fall under this rule because of the type of dominating activity, namely mining, which turned the indigenous people into protagonists in the country's modern history, i.e. between the 50's and 60's. In the eighties, the depletion of the silver resource and the loss of importance of the pewter marked a substantial change, which led to the exclusion of this group of people.

³Data gathered from FOMIN, Interamerican Development Bank

When the "*Washington Consensus*" was implemented in the countries of Latin America, the impact differed according to the degree of "statesmanship" of each country. Those that had attained a larger degree of integration showed a better ability to defy rules that meant a reduction in the government role as a regulator of the economy and a society guide. However, even they had to undergo important changes. In particular, they felt the loss of an arbitration voice, a conflict moderator, which several countries had had in the past.

As a result, previously radicalised groups considered it was not helpful to keep such a State and, hence, proposed changes through violent means. It is important to note that the revolutionary groups of the sixties and seventies wanted to overturn those systems not to reduce the State, but rather to rebuild it on the basis of a statist and socialist dictatorship. But after they failed in their attempt, the States accepted the new course, which favoured economic openness and speculative behaviour. Thus, governments in the decades of 1980 and 1990, (mostly the product of the democratic transition period), accepted the reduction in state power.

The lack of consolidation of federal and state integration processes has affected a significant number of countries. In some cases, as in Colombia, it continues to generate ongoing violence in the peripheral areas. In others, the gap between those included and those excluded (i.e. the people who can fully enjoy consumption, who are guaranteed some rights and have access to basic services, and people who do not have any of those benefits) leads to an eroded trust in the institutions and organizations of the State. Rising criminality in cities, as well as social anomic behaviours, are manifestations of that lack of confidence. This precarious statism does not help attain full integration of the people in the market. Without property title granting, mechanisms of identification, unlimited access to the monetary circuit, both the market and economic growth are significantly limited.

Demands created by the accelerated speed of modernization in the region during the fifties and sixties led to a governance crisis, which ended in the establishment of authoritarian regimes. These had to address the pressures of revolutionary movements, on the one hand, and the demands of union movements and large mass organizations, on the other. Repression did away with revolutionary movements and dismantled mass movements, but in many cases it was unable to suppress them, as with the union movement. However, by undertaking such actions, the State relinquished its role as arbitrator, thus losing its ability to regulate the pulse of society.

When the US foreign policy adopted the defense of human rights as its flagship to fight the cold war, the authoritarian and repressive model lost its ideological backing. Thus, the idea of redemocratization started to be promoted. Most of authoritarian regimes did not propose an alternative founding model; their nature as *commissarial dictatorships* left them in a weak position, after having lost their violent repression protector.⁴ As a result, the concept of a political democracy started to be promoted. In many cases, it basically meant holding fairly clean elections to elect a parliament and president who would engage in the classical game of power balance.

Democracy became an electoral base mechanism, and its results varied according to the degree of development it had attained in the various Latin American countries. In the south, it was relatively easy to restore or resume old mechanisms (in this framework, the 1980 Chilean Constitution as amended in 1988 provided guarantees to those who had supported the authoritarian regime between 1973 and 1989). In turn, countries where democracy practically did not exist tried to slowly build the basic minimum conditions for an electoral competition, as in most of Central America (obviously with the exception of Costa Rica) and the Andean countries.

As part of democratization and structural streamlining processes, "civil society" also emerged as is known today.⁵ There had always been a "civil society" in the region, mainly made up of pressure groups from dominating economic sectors, but their scope of action evidently had not included the base sectors in all the countries. In the twentieth century, movements of workers, peasants and cooperative associations emerged in the most advanced cases, but in this case, their purpose was to influence the State and make it subdue to their demands. Community organizations, however, had few channels of expression and action.

⁴ The commissarial dictatorship was an institution from the Roman Republic that granted power to a Dictador for a limited time in order to face a severe crisis. The modern elaboration of the concept can be attributable to Carl Schmitt, *La Dictadura*, Madrid, Revista de Occidente, 1968. Juan Rial used this concept in 1981 to refer to authoritarian regimes of the south. See J. Rial, "Transitions in Latin America in the Threshold of the 1990's" in *International Social Science Journal #128, The Age of Democracy* (London: Blackwell/Unesco, 1991)

⁵ On the different concepts of civil society, see Jean Cohen and Andrew Arato, *Civil Society and Political Theory*, Massachusetts, MIT Press, 1994, and Andrew Arato, *Civil Society, Constitution and Legitimacy*, New York, Rowman & Littlefield, 1999.

Overall, the relations between Non-Governmental Organizations (NGO's) and the State are usually difficult. For politicians, these are organizations with little (or no) representative legitimacy. For civil society, they are organizations that thrive for involvement in institutional arrangements that do not take them into consideration. Their degree of independence, representation, and mobilization capability vary according to the country, field and situation. However, these are organizations that have consolidated in the last decade and, as such, have had a role not provided for in previous institutional arrangements.

Hence, States have been "*dismantled*" from both ends: "*from the top*" due to the undesired effects of globalization and adjustment policies that resulted in the loss of regulating power, budget cuts and an badly-paid bureaucracy, very little in line with the new requirements; and "*from the bottom*" due to the way they implemented decentralization and the actions of NGO's that try to fill spaces of inaction created.⁶

For the countries of the Latin American region, decentralization in times of scarcity means sharing resources with sub-national and city powers. New power groups have thus emerged, competing with the central State, which then loses capabilities and leaves large areas in the hands of even less experienced authorities, in many cases also inefficient. Examples of successful decentralization in industrialized countries have been attempted to be exported not considering that, in developing countries, state structures are weak. Under this scheme, decentralizing implies the risk of diverting resources to regional or local authorities, thus emptying the central State and creating "small oligarchies" that replicate its past practices.

It is true that the pre-existing state machinery was weak, and to a considerable extent, also corrupt and inefficient. However, by taking away its attributions and resources and -only to a lesser extent-reducing its employees, the bureaucracy of Latin American countries in the last few decades has become "*a recipient empty of content*" using the Weberian expression.⁷ Ritualism results into an action without sense, hence the focus on the aim is lost, and therefore a loss of reputation and lack of legitimacy of these bureaucracies emerges. The adjustment policy has involved a reduction in real

⁶ To refer to current frameworks where globalization reigns, we refer to Manuel Castells, *The Information Age* (Malden, Mass., and Oxford: Blackwell, 1997/98, 3 volumes), a snapshot of today's society that follows the model of the classical Max Weber, *Economy and Society*. Also see the recent work of Peter Drucker, "The Next Society" in a special supplement of *The Economist*, November 2001.

⁷ According to Max Weber, the expression of a "recipient without content" means that what is left is one recurrent way with no substance.

salaries and the lag in young people recruitment, which accentuates the fact that this essential machine is not fit to perform its duties as required. This national government reduction process has also led to the growth of other organizations, since many people have sought refuge in regional and local bureaucracies.

For societies used to demanding the State for regulation, distribution and supply of goods, services and opportunities, the economic policies that emanated from the "*Washington Consensus*" quickly changed their perception towards political parties and politicians. Parties ceased to be useful and reliable machines, and politicians became suspicious of being merely corrupt opportunists. A phase of strong "anti-politics" sentiment started, bringing about a change in styles and political actors, accompanied by the proliferation of NGO's and the emergence of the media as key players in electoral campaigns, as well as new techniques for public opinion measurement and their use for propaganda. After the dictatorial interludes of the seventies and eighties, the "caudillos" reappeared in most of the countries where the anti-politician sentiment had flourished. They emerged in a democratic framework which presumably did not favour their action. They took people's sentiment towards politicians and presented themselves as the "outsiders", as "non contaminated" by the "old way of doing politics and the corrupt political class".⁸

1.3 Military organizations and national defense

Such is the context military organizations have had to face in recent years. The State and the political system they serve have been strongly weakened. In the face of it, the functional independence of the military has been exacerbated, though in a way different from the past. Adjustment policies led to the return of the "gendarme" state in which the financial functions (tax collection), justice and law-enforcement, and defense have become essential, but not in the classical form. *The State has ceased to be the force monopolizer*. Private security companies tend to have similar numbers of contingents as the State organizations, as inefficient as the former.

⁸ The wave of "anti-politics" and the "new caudillismo" started to grow while the "Washington Consensus" was adopted. Political parties lost many of their traditional roles of intermediaries with the State. Parties, the political class as a whole, and parliaments became the target of constant criticism and lost trust from the people. The "new politicians" showed their reluctance towards traditional organizations and political practices. See Carina Perelli et al., *Partidos y Clase Política en la América Latina* de los años 90, San José, IIDH-CAPEL, 1995.

Tax collection has also been partially privatized. The justice function is notoriously inefficient in most of the counties in the region. In this framework, the end of the cold war and the traditional type of guerrilla movements (the Colombia situation deserves an analysis of its own), and the growing settlement of border disputes between countries in the Latin American region, started to leave only secondary roles to the Armed Forces in the region.

Public security is, to a greater or lesser extent, one of the greatest and growing concerns in the region. There is always a temptation to resort to the military to perform patrolling functions, to fight against cattle stealing and the robberies in rural communities, and to enforce the law on marginal groups. More than once have they been used but with little success, since their ethos, training and capabilities are obviously not fit for such tasks. They have also been involved in the fight against drug trafficking, in which their role has been to confront raw material producers, such as coca growers, adding a strong social dimension to the conflict.

These functions are usually performed by the military in large areas where the State presence is limited to a military contingent or base. In other cases, it is the result of the mistrust towards the police tainted by the corrupting power of drug-trafficking. The tacit or specific alliance between drug trafficking and subversive or unsatisfied groups requires, more than once, a joint police-military action. The fear engendered by groups that use terrorism as their fighting method, considering the context of a global world, can be added to the picture.

Today, *all military organizations in the region are a professional force* and have a transcendental ethos. The police-type armed forces have disappeared at all.⁹ All the armed forces have their own officer academies and justify their existence in the defense of the national entity that created them, which they serve. Many of them continue to consider themselves as the founders of the nation and the State, in many cases, they even existed before them. For that reason, the "tutelary forces" concept is still used, and in some countries the military cannot vote. The rationale behind this position is that, as they are the "custodians" of the Nation, they cannot become involved in political disputes and, therefore, lie above them. According to this idea, the members of the military are not citizens with reduced political rights, but rather citizens standing above the rest, responsible for the

⁹ In the 20th century, the United States created a police-type military in various countries of Central America and the Caribbean. All of them were defeated and taken over: those of Cuba (1958), the Dominican Republic (1965) and Nicaragua (1979), due to insurrection movements; and those of Haiti (1994) and Panama (1989) fell to their own creators.

ultimate fate of the Nation. In other countries, this concept of founders has disappeared or, at least, has become part of the rhetoric and not of actual political practices. The new rationale, however, makes them continue to believe that they are the custodians of public order.

Almost all Constitutions (except for those of Argentina and Uruguay, which do not have a specific chapter on this matter) establish, as a precept, that the Armed Forces are to defend the Nation from external threats as well as to protect the country's constitutional order. The interpretation assumed by most of military corporations is one of defense of the presidential institution, as the Constitution establishes that the president is the supreme commander of the armed forces. This position means that the military defend the president as an institution, rather than as the person holding this position at a particular time. Thus, in the middle of institutional crises in several countries, the Armed Forces have supported solutions entailing the president's resignation or overthrow, or his replacement through constitutional or legal resorts, or at least, "in the spirit" of the law, thus avoiding the temptation of a classical coup d'etat. In sum, there is a new form of political relations, which could be summarized in the following expression: the "*Armed Forces of the President*". It is more concrete than the traditional concept of Armed Forces of the Nation, of the Republic, etc., as it narrows its scope to a very specific point of reference.

In the past, the argument was whether the military were only an instrument of oligarchic powers, or the "representatives-interpreters" of emerging sectors, such as the middle class or the under-served sectors, such as in Peru with Velazco Alvarado. For others, sometimes not recognizing that category of instrument, the Armed Forces were mainly an autonomous actor that defended its corporatist interests and justified its work with a transcendental founding myth. They were the creators of the Nation and the State; they had existed before the State was formed and the Nation became independent and, thus, they were the custodians of the country and were a tutelary institution that lay above the rest of the people and conflicts as a whole. This ideology -present in the military of the countries of the south- was also exacerbated in times of internal strife, with a mindset that justified violent repression in the form of a "dirty war". Subversion was considered as the evil, i.e. as a modern form or heresy, which violated traditional values that needed to be defended. This transcendental ideology turned the military into the custodians of western values, against "the dissolving action emerging from the international communist movement". Today, most of military corporations in the region continue to be independent, thus serving their own survival, justified by the fact that they are the "*last resort of the Countries they serve*".

Argentina is the only example in the region of a military that does not have legal powers to become involved in domestic affairs. The country's history gave rise to the adoption of a law at the end of the eighties, which prevents the military from becoming involved in domestic affairs. So far, though the country has undergone crises of different types, the law has remained in full force and effect.

The harsh repression led by the armed forces resulted in their loss of prestige across the region. Even in Peru, where the fight against Shining Path (Sendero Luminoso) was supported by the people, the fact that the military participated of the Fujimori regime did not help their reputation. Only in a few cases, such as Ecuador y Venezuela, the military did not face this situation.

In most of the countries of the region, the armed forces are emerging from a "hibernation" period after the end of the cold war and their involvement as rulers during that time.¹⁰ Their budgets have been reduced, but their political power is gradually growing. With weak states, disreputable police forces plagued with corruption, fear of the people due to public insecurity, the military have resumed their role as the last resort in protection of public order. It is obvious that in a country such as Colombia, they are one of the key armed wings in the political-military game, which also involves the guerrillas from the FARC (Revolutionary Armed Forces of Colombia) and the ENL (National Liberation Army), the paramilitary forces of the AUC (Self Defences of Colombia) and military advisors (official and private) from the United States. In most of the other countries, the armed forces influence, to a greater or lesser extent, government action.

Military organizations have made the "necessary" adjustments to adapt to democratic political regimes and to continuous economic adjustment. There have been profound reforms in the military organizations across the region. After the military uprisings between 1987 and 1991, Argentina succeeded in placing the civilian authority above the military and undertook a process of transformation, the most important in the region. A law that prevents the military from engaging in internal conflicts, though challenged by a few, has been sanctioned in 1988. It has been kept despite the fact that the country has had to endure severe crises in the political, social and economic fields. But, Argentina also shows the other extreme in the conduct of the military: the armed forces consider themselves

¹⁰ The "hibernation" metaphor is used to indicate a closed inward-looking organization, with little social and political visibility, to protect itself in a time in which the armed forces are not highly appreciated by the societies they serve.

"stifled" because of sparse resource allocation.

This policy, repeated by finance ministers of the region in each critical phase of the economic situation, tries to show the military leaders that they should reduce personnel and equipment, meaning that they should make changes in organization and deployment. For finance heads, it is a sector that only generates expenditures, and does not render any return to the economy or society. This position is held by the political class, in general, and by international power sectors. The armed forces know that they cannot openly argue these decisions, but they continuously practice defensive actions to try to maintain their position of power in the State structure. They rightly think that they will continue to be necessary in the future.

Many of the governments (with the tacit support of the opposition) have resorted to the same method: cutting their resources, reducing their budget, without intervening in the key aspects (mission definition, changes in organization and deployment, changes in recruitment, military education and systems of discipline and military justice). Changes that have taken place are mostly the result of initiatives from the military themselves. The Defense Ministries continue to be organizations of little relevance in the conduct of the military; there is no major civilian elite in the region to handle defense and security issues and, from the academic perspective, the matter continues to be secondary. *After twenty years of democratization process, the places of the armed forces in these new reduced states continue undefined.*

It is important to note that that promises for a better life, which would presumably come with democracy, have not been fulfilled for many people. However, for the time being, a large part of the region has secured political stability, though with some exceptions. This is an important fact considering the world scenario. But the situation is precarious, especially regarding the demands of the middle class or popular sectors who feel the inconsistency between their aspirations and what they can attain, between their view of their capabilities and rights and what the system can offer them. Also, the old middle classes have lost their status, and tend to be in favour of authoritarian solutions.

According to the guidelines emanating from abroad, efforts have been made to promote disarmament measures or prevent the access to the technology of modern weaponry, as in the case of Argentine missile plans or Brazil's intention in the field of nuclear energy. Confidence-building measures have also been promoted to prevent conflicts between countries. Several countries have published Defense White Papers or similar instruments, though in many cases, they are only the

result of an advertising or public relations effort. Initiatives have been promoted to study military spending limitation. An example of this has been the study on comparative methodology done by CEPAL (Economic Commission for Latin America and the Caribbean) for Argentina and Chile.

1.4 The budget as a materialization of power

The budget and its execution are the materialization of the power exerted by the various actors of the political arena. Access to resources shows to what degree each sector can afford to perform its regular or non-regular activities.

As in any developing country, defense budgets mainly entail the budget of the armed forces especially in two essential categories: personnel and operations. These are forces that are "labor intensive" rather than "capital intensive". Given the predominance of the ground force, personnel wages usually account for 75% of the defense budget in most of the countries of the region.

As any complex organization, the budget of the Ministry of Defense and of military organizations includes a large number of categories that are only subsidiary or supplementary to the core task. Thus, it includes a budget allocation for military personnel health care, many times including their dependants, as well as a budget for education, social welfare and retirements, as well as other activities that are not strictly military.

The policies of economic adjustment in the last decades motivated a remarkable reduction of Defense Ministry budgets. An effective fall of real wages of a considerable portion of the officer corps took place, as a result, and the acquisition of new equipment was frozen or substantially reduced, while current expenditures were limited, affecting the forces' effective readiness.

In times the armed forces had direct responsibility in government, they tried to expand their resource base by creating subsidiary companies, which covered the most diverse range of activities. Therefore, military corporations owned banks, hotels, transport companies, just to mention the most

known cases. Adjustment policies led to their privatization or closure.

The largest countries in the region tried to have industries of their own. Thus, Peru built frigates in its shipyards; Chile entered into the production of light weapons, artillery weapons, missiles and complex systems; Argentina built armoured vehicles and training aircraft and Brazil had a military industry in the field of aviation, shipping and combat vehicles. But, due to the new economic scenario, most of the companies went bankrupt and disappeared, while others suspended their activities. The breakaway from the *Washington Consensus* model is currently leading to the reappearance of these companies.

As a way out of the crisis, some small countries chose to participate in UN peace operations. Aside from allowing their officers to open their minds and provide them with military experience, their involvement would allow to receive compensations of an average US\$900 per person committed in the task and a compensation for the material used in such missions. Uruguay has been the best example of this practice since 1991, and at present has 1600 troops deployed in Congo. Other countries added other motivations such as diplomatic interests, as in the case of Argentina and Brazil, as well as the need to achieve a change of mentality in their officers, as in Argentina. Countries have also experimented with integrated contingents, such as the peace force in Haiti which started in 2004 under the UN umbrella.

Chile has, since 1958, allocated a percentage of its copper royalties to the funding of its military. And some time ago, 9% of the royalties from oil exports fed the Ecuadorean military budgets. However, in most of the countries, defense budgets are covered with the countries' regular tax revenues. Many of them have a very low tax base, as in Central America, and most of them suffer from an endemic tax evasion. Therefore, the armed forces usually have to endure constant financial hardships as to their specific budget and other categories of spending.

In this framework, the struggle for budget resources has become one of the key issues for any military force. It has stimulated their involvement in military missions abroad, either under the UN or as minor partners in voluntary coalitions. It has led them to participate in police missions, such as the fight against drug-trafficking, as they expect to receive some type of assistance in return for their involvement. It is also what has led to an increase in women's involvement in the military, where they perform secondary roles for wages that are considerably lower. For a good portion of these countries, however, there is little publicity and most of this remains unknown by society.