I. Army.

A. SUPREME MILITARY AUTHORITY AND ITS ORGANS

The supreme head of the armed forces of the nation is the President of the Republic.

The military organisation of the national forces is in the hands of the Ministry of War and Marine and the Army General Staff.

I. MINISTRY OF WAR AND MARINE.

The Ministry of War and Marine deals with all questions relating to military organisation, training, armament, fortification and administration.

The Ministry consists of a Secretariat, four departments (War Department, Naval Department, Administrative Department, Department of Military Justice and Awards), four divisions (War Material Division, Division for Technical Work, Health Division, Remounts Division) and an independent section (Library and Archives).

The Ministry of War and Marine controls:
- The Army General Staff,
- The General Inspectorate of the Army,
- The Commands of the military areas,
- The military and naval arsenals,
- The Command of the Fleet,
- Inspection of Army Administration,
- The Administrative Department,
- The Health Services Directorate.

The Army General Staff is the central authority controlling the whole of the Army Staff organisation and constitutes a department working under the Ministry of War and Marine.
The General Staff is responsible for studying all technical professional questions, as well as all problems relating to national defence and the use of troops in war-time.

The General Staff consists of the following departments and sections:

1. Office of the Chief of the Staff and of the Adjutant and Quartermaster-General.
2. Organisation and Mobilisation Department.
3. Intelligence Department.
4. Operations Department.
6. Historical Section.

The Departments and Sections are under the Chief of the General Staff, and each is controlled by a field officer, or a captain or subaltern, assisted by the necessary staff.

Military training establishments are under the orders of the Chief of the General Staff in all matters relating to the general control of military studies.

The Deputy-Chief of the General Staff is the intermediary between the Chief of the General Staff and the Departments; he is appointed in accordance with Articles 47 and 207 of Law No. 152.

The Deputy-Chief of the General Staff directs and supervises the work of the various departments.

He acts for the Chief of the General Staff whenever the latter is absent, or otherwise unable to attend to his duties.

2. COUNCIL OF NATIONAL DEFENCE.

The Council of National Defence consists of the Ministers of War and Marine, Foreign Affairs and Finance, the Chief of the General Staff of the Army, the Inspector-General, the Inspectors of the areas or different arms, the Area Commanders and the Commander of the Fleet.

The President of this Council is the President of the Republic or the Minister of War and Marine, and the Secretary is the Under-Secretary of State for War and Marine.

It deals with all questions relating to the acquisition of arms, fortifications and, generally speaking, all problems concerned with national defence.

3. INSPECTOR-GENERAL OF THE ARMY.

The Inspector-General is responsible for the inspection of all the troops and units in the army. Each year he forwards to the Ministry of War a detailed report on this inspection, mentioning any improvements or defects which he has noticed.

B. MILITARY AREAS

The Paraguayan Army is divided into five military areas.

First Military Area: Headquarters at Concepción. Establishment:
1 infantry regiment, which consists of:
The regimental staff, 1 infantry battalion (3 rifle companies and 1 heavy machine-gun company), 1 battery of mountain artillery,
1 signalling section and 1 detachment of the Army Medical Corps, 1 detachment of the Intendance.

Second Military Area: Headquarters in the Capital. Establishment:
1 infantry regiment and 1 cavalry regiment, composed as follows:
Infantry regiment: the regimental staff, 2 infantry battalions (2 rifle companies, 1 heavy machine-gun company each), 1 battery of mountain artillery, 1 signalling section, 1 detachment of the Army Medical Corps, and 1 detachment of the Intendance.
Cavalry regiment: the regimental staff, 3 cavalry squadrons, 1 mounted machine-gun section, 1 detachment of the Army Medical Corps, and 1 detachment of the Intendance.

Third Military Area: with its headquarters in the town of Pilar, and having at the moment no troops in its establishment.

Fourth Military Area: Headquarters in the town of Encarnación. Establishment:
1 infantry regiment, which consists of: the regimental staff, 1 infantry battalion (incomplete) (1 rifle company), 1 detachment of the Army Medical Corps, and 1 detachment of the Intendance.

Fifth Military Area: Headquarters in the Chaco. Establishment:
A detachment which consists of: 1 infantry battalion (3 rifle companies and 1 heavy machine-gun company), 3 rifle companies, 1 troop of cavalry, 1 signalling section and 1 heavy machine-gun section.

C. ARMS AND SERVICES

Infantry: The largest unit of infantry is the regiment. At present the infantry consists of 4 regiments, including 1 reserve regiment.

Cavalry: The largest unit of cavalry is the regiment. At present the cavalry consists of 1 regiment, comprising 3 squadrons and 1 mounted machine-gun section.

Artillery: At present the artillery consists of 2 batteries respectively attached to infantry regiments Nos. 1 and 2.

D. RECRUITING SYSTEM

Military service is compulsory for all citizens of Paraguay.

LENGTH OF SERVICE.

The length of service is 28 years, and it is divided as follows: (1) between 18 and 20 in the active army or navy; (2) between 20 and 45 in the Reserve.
Service in the Reserve is divided into three periods:
1. Between 20 and 29, in the Reserve of the active army;
2. Between 29 and 39, in the National Guard;
When the number of enlisted men exceeds the contingent fixed by the budget, military service may be reduced to a year. This provision may be applied by the drawing of lots to the whole of the contingent or only to a part of it. Similarly the contingent called up may be reduced by the drawing of lots to the total number fixed.

The authorities can call up every year for service with the colours, for a maximum period of 6 months, a contingent of the Reserve which has never done service. They can also call up every 2 years for 90 days men of the National Guard who have never passed into the army, and every 3 years for 60 days they can call up men of the Territorial Guard who have never done any service.

Exemptions.

The law exempts from service men who are physically unfit, men who are supporting families, clergymen and certain officials.

E. CADRES

I. NON-COMMISSIONED OFFICERS.

Recruitment.

Non-commissioned officers of the active army are recruited from conscripts, volunteers and re-enlisted men.

Re-engagement.

Non-commissioned officers and private soldiers who, after completing the service required of them by the law, desire to remain in the army may re-engage for a minimum period of one year.

2. OFFICERS.

Recruiting.

Officers of the active army and navy are trained in military schools.

Candidates for a commission between 18 and 25 who have completed three years of secondary studies may be admitted to the active army as commissioned subalterns or military cadets.

Subaltern officers, non-combatant officers of the army and navy and military officials are appointed by the President of the Republic. The appointment of senior officers and generals requires the assent of Congress.

Promotion.

In order to be promoted to the rank of lieutenant a candidate must have served for at least two years as a second lieutenant.

In order to be promoted to the rank of captain the candidate must have served at least three years as a lieutenant.

In order to be promoted to the rank of major a candidate must have served as captain for at least four years.

In order to be promoted to the rank of lieutenant-colonel a candidate must have served for at least six years as major.

For promotion to the rank of colonel a candidate must have served for at least five years as a lieutenant-colonel, and have held a command for three years.
In order to be promoted to the rank of brigadier-general a candidate must have served as colonel for at least four years and have held a command for two years.

In order to be promoted to the rank of divisional-general, he must have served for at least four years in the rank immediately below and have held a command for two years.

3. Officers of the Reserve.

Officers of the Reserve consist of officers of the old National Guard who hold brevet rank. When called to the colours, they are subject during the whole of their service to the laws and regulations of the active army.

F. Budgetary Effectives

(1927-1928.)

Officers:

<table>
<thead>
<tr>
<th>Rank</th>
<th>Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>Divisional-General</td>
<td>1</td>
</tr>
<tr>
<td>Brigadier-Generals</td>
<td>2</td>
</tr>
<tr>
<td>Colonel</td>
<td>1</td>
</tr>
<tr>
<td>Lieutenant-Colonels</td>
<td>3</td>
</tr>
<tr>
<td>Majors</td>
<td>13</td>
</tr>
<tr>
<td>Captains</td>
<td>26</td>
</tr>
<tr>
<td>Lieutenants</td>
<td>25</td>
</tr>
<tr>
<td>2nd Lieutenants</td>
<td>35</td>
</tr>
<tr>
<td>Total</td>
<td>106</td>
</tr>
<tr>
<td>N.C.O.s, corporals and men</td>
<td>2,809</td>
</tr>
<tr>
<td>Grand total 1</td>
<td>2,915</td>
</tr>
</tbody>
</table>

Army Training Establishments (1927-1928).

<table>
<thead>
<tr>
<th>Establishment</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>Military Academy</td>
<td>130 cadets</td>
</tr>
<tr>
<td>Military Flying School</td>
<td>15 cadets</td>
</tr>
<tr>
<td>Hospital School</td>
<td>20 other ranks</td>
</tr>
<tr>
<td>Army Medical School</td>
<td>16 pupils</td>
</tr>
<tr>
<td>Training School for Boy Artificers (Navy)</td>
<td>60 students</td>
</tr>
</tbody>
</table>

II.

Budget Expenditure on National Defence.

A. Notes on Budget Procedure.

(1) The budget year covers the period from September 1st to August 31st.

(2) The budget is drawn up according to the principles of gross budgeting.

(3) The estimates include both votes in gold pesos (oro sellado) and votes in paper pesos (curso legal). In the following table the paper pesos have been converted into gold pesos at the rate prevailing on the dates of voting the budgets.

1 Not including 39 medical officers and veterinary officers; 72 administrative officers; 51 N.C.O.s and men in the Medical Service; 44 hospital sergeants; 81 bandsmen.
(December 1st, 1923, November 1st, 1924, August 1st, 1925, and August 1st, 1926 respectively), this conversion being calculated on the basis of the rate of Argentine gold to Argentine paper pesos, the relation between Argentine and Paraguayan paper pesos having been fixed on February 1st, 1922, at 1 to 18.75. The conversion rates are as follows:

<table>
<thead>
<tr>
<th>Paper pesos</th>
<th>Gold pesos</th>
</tr>
</thead>
<tbody>
<tr>
<td>December 1st, 1923 : 100 = 1.77</td>
<td></td>
</tr>
<tr>
<td>November 1st, 1924 : 100 = 2.08</td>
<td></td>
</tr>
<tr>
<td>August 1st, 1925 : 100 = 2.23</td>
<td></td>
</tr>
<tr>
<td>August 1st, 1926 : 100 = 2.35</td>
<td></td>
</tr>
</tbody>
</table>

B. DEFENCE EXPENDITURE.

<table>
<thead>
<tr>
<th>Department of War and the Navy :</th>
<th>1923-24</th>
<th>1924-25</th>
<th>1925-26</th>
<th>1926-27</th>
</tr>
</thead>
<tbody>
<tr>
<td>Expenditure in paper pesos .......</td>
<td>29,868</td>
<td>31,008</td>
<td>34,305</td>
<td>34,305</td>
</tr>
<tr>
<td>Expenditure in gold pesos .......</td>
<td>376</td>
<td>307</td>
<td>302</td>
<td>302</td>
</tr>
<tr>
<td>Total defence expenditure in gold pesos ..........</td>
<td>905</td>
<td>952</td>
<td>1,067</td>
<td>1,108</td>
</tr>
</tbody>
</table>

Note. — Military and naval pensions are placed under the item "Public Debt" jointly with civil pensions (3,050,000 paper pesos for 1926-27).

III.


(P = Production.)

I. AGRICULTURAL PRODUCTS

<table>
<thead>
<tr>
<th>Cereals</th>
<th>1922</th>
<th>1923</th>
<th>1924</th>
<th>1925</th>
<th>1926</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rice</td>
<td>P</td>
<td>P</td>
<td>P</td>
<td>P</td>
<td>P</td>
</tr>
<tr>
<td></td>
<td>2</td>
<td>2</td>
<td>3</td>
<td>13</td>
<td>13</td>
</tr>
<tr>
<td>Maize</td>
<td>P</td>
<td>58</td>
<td>34</td>
<td>36</td>
<td>58</td>
</tr>
<tr>
<td>Sugar</td>
<td>P</td>
<td>2</td>
<td>2</td>
<td>2</td>
<td>2</td>
</tr>
</tbody>
</table>

II. VARIOUS PRODUCTS

<table>
<thead>
<tr>
<th>1922</th>
<th>1923</th>
<th>1924</th>
<th>1925</th>
<th>1926</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cotton</td>
<td>P</td>
<td>P</td>
<td>P</td>
<td>P</td>
</tr>
<tr>
<td></td>
<td>1</td>
<td>4</td>
<td>3</td>
<td>2</td>
</tr>
</tbody>
</table>

1 Estimate.