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Reform of Military Recruitment in Russia

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Editor's Introduction

Military Reform in Russia: From Conscripts to Contracts

BEN SLAY

Of all of the challenges on Russia's reform agenda, military reform must be regarded as among the most difficult. The issue is not only millions of soldiers and billions of dollars in military hardware. Prospects for transforming Russia's military from a Soviet-era dinosaur that is more of a threat to its own citizens than a deterrent to its foes are also at stake. So are Russia's chances for finding its place in the post-Cold War world, as either an international or regional power.

Military reform obviously involves changes in military posture, force structures, and strategic doctrines, as well as perhaps international and regional alliances. But at heart, military reform is an economic undertaking. In Russia (as in many other countries), military reform represents an attempt at reconceptualizing Russia's security in economic terms, analyzing the costs and benefits of moving to a different military footing, and designing the best transition path toward the desired reform goal. Military reform in Russia is widely seen both domestically and abroad as one of the key challenges facing President Vladimir Putin. His predecessor, Boris Yeltsin, pledged on many occasions to reform the Russian military; these pledges were distinguished by their lack of success.

This issue of *Problems of Economic Transition* is devoted to a key aspect of military reform in Russia: the transition from a conscript to a professional army comprised of soldiers serving under

contract (*konktrakniki*). This question is (predictably) immensely popular within Russia: the abolition of military conscription featured prominently in Yeltsin's 1996 reelection campaign. The horrors of the *dedovshchina* (the hazing of recruits and other "unsanctioned relations" among conscripts that result in unknown numbers of annual fatalities), the military establishment's use of conscript labor for nonmilitary activities, and the abysmally low living standards of both officers and enlisted men, have produced sharp post-Soviet declines in the military's social status. Alarming increases in draft evasion and sharp declines in the quality of Russian military personnel have resulted. But while all parties to the debate claim to be in favor of a transition to a professional army—based on well-trained, well-equipped soldiers who voluntarily select the Russian military as a career—the financial costs of this transition have generally been seen as prohibitive.

In "Reform of Military Recruitment in Russia," E. Vatolkin, E. Liuboshits, E. Khrustalev, and V. Tsymbal of Moscow's Institute for Economic Transition (IET) make a powerful case that the conventional wisdom is misguided. The authors persuasively argue that the transition to a professional army is not only affordable—it is the only feasible alternative for the Russian military. Starting in the middle of this decade, the authors point out, Russia's unfavorable demographic trends will produce still sharper contractions in the population groups from which conscripts are traditionally drafted. Sharp qualitative inferiority will soon be matched by growing quantitative inadequacy. Fortunately, the authors argue, the strong post-1998 recovery in Russia's economy and public finances combined with continued relatively unfavorable labor-market trends make the introduction of attractive salaries for professional ("contract") soldiers a financially viable proposition.

Although the "Reform of Military Recruitment in Russia" study was sponsored by the Union of Rightist Forces (SPS) political party, it is not a political tract. Its arguments are supported by extensive public opinion data, which document both deep public dissatisfaction with the status quo and the declared willingness of young

men to become professional soldiers in exchange for salaries and benefit packages that the report's economic analysis suggests should be quite affordable. The study's publication last year generated quite a reaction from Russia's military establishment; these comments, and the responses from the study's authors, are translated and reprinted here as well. In sum, this issue of *Problems of Economic Transition* offers readers analytical insight into one of the most important and heretofore intractable aspects of Russia's reform agenda.

E. VATOLKIN, E. LIUBOSHITS, E. KHRUSTALEV,
AND V. TSYMBAL

Reform of Military Recruitment in Russia

ABSTRACT: This article focuses on the problem of radically transforming the system of recruiting enlisted men for the Russian military establishment. It outlines the concept of such reform and various options for implementing it. A methodology has been developed for scientific analysis of the reform. On the basis of expert estimates and financial and economic calculations done for each option, the optimum version of the reform is determined. The role of the proposed policy and its place in the overall strategy of military reform are shown.

This article offers readers a view into one of the most urgent problems of military reform in Russia—a debate that has unfolded primarily in the mass media, without the benefit of scientific analysis of the options being discussed for reform of the Russian army.

The first wave of public interest in this problem came at the end of the 1980s and beginning of the 1990s, when it became neces-

English translation © 2003 M.E. Sharpe, Inc., from the Russian text © 2002 Institute for Economic Transition. “Reforma sistemy komplektovaniia voennoi organizatsii Rossii riadovym i mladshim komandnym sostavom” [Reform of the System of Recruiting Enlisted Men for the Military Establishment of Russia], Institute for Economic Transition, working paper, no. 39R (ed. E. Gaidar and V. Tsymbal).

sary to reform first the armed forces of the Soviet Union, then of the Commonwealth of Independent States, and finally of Russia,

The second wave of interest in this problem came in the mid-1990s and culminated in the obviously infeasible decree of the president of the Russian Federation (RF) on a transition to recruiting all of Russia's military manpower on a contract basis by 2000. In reality, the problem only became worse [1, 11, 12, 17, 18, 19, 21].

The beginning of the third wave was marked by publications in nos. 8 and 14 of *Nezavisimoe voennoe obozrenie* [the Independent Military Review] a year and a half ago. The first of the articles published at that time [2] discussed the need to reduce the size of the military and switch to an exclusively voluntary army. These ideas were significantly modified in the second article [4] and its detailed exposition in [3], which showed the desirability of placing the main (regular) part of the military establishment on a professional basis while simultaneously replacing two-year conscription with six-month training service for citizens subject to the draft at reserve training centers.

The reasonableness of the proposed policy's fundamental principles was also corroborated by S. Mironov's article in *Nezavisimaya gazeta* [16], which analyzes other countries' experience in implementing similar concepts. Life itself soon refuted objections appearing in the mass media to reducing the size of the Russian military establishment. Based on decisions of the RF Security Council and the Commander-in-Chief, at the end of 2000, specific plans were developed to reduce the size of the armed forces.

This altered the nature of the problem. The main question became how to prevent the force reduction from undermining the country's defense capability and how to compensate for the decrease in the regular forces' combat capabilities because of their reduced size, and to increase their combat effectiveness through the servicemen's professionalization.

The Union of Right-Wing Forces showed political initiative in implementing the proposed military reform. The leaders of this party coordinated the necessary sociological research through the efforts of the All-Russian Center for Study of Public Opinion

[VTsIOM] and comprehensive analytical studies conducted by the Institute for Economic Transition [IEPP]. Suitable proposals were sent to the RF president, who instructed interested government agencies to review them. The ensuing discussion refined details of the concept and strengthened the case for reform.

At the same time, the actual recruitment situation worsened, as was apparent in the quantity and quality of the draft contingents in the spring and fall of 2001 [20, 9]. There are now very few overt opponents of reforming the system of recruiting enlisted men for the RF military establishment. Other objections are being heard more and more often: the primary sticking point in implementing the policy of a complete transition to voluntary recruitment under a contract is the government's financial capabilities, along with certain noneconomic factors and timing.

On behalf of IEPP director E.T. Gaidar, a position paper on RF military staffing and recommendations for implementing the paper it were sent to the RF president in August 2001. The contents of that document provide the foundation for the first section of this working paper. The remaining sections contain the methodology underpinning this proposal. The appendixes contain some documents on the results of discussion of the proposed reform in various government departments.

On November 16, 2001, the RF president decided to begin a phased transition "to staffing of the army on a contract basis" and ordered the development of an appropriate federal targeted program by 2004.

On November 20, 2001, the RF prime minister signed an order on beginning organizational work, and a meeting held on December 7, 2001, discussed conceptual approaches to solving the problem under consideration. A.V. Kvashnin's report contained the opinion of the General Staff of the armed forces of the Russian Federation on this issue. At this meeting, Gaidar spoke of a somewhat different approach to solving the problem. The main result of the meeting in the RF government, briefly stated, boils down to two statements.

1. It is necessary to move on to practical actions, having already

refined the concept of the reform in 2002 and incorporated the necessary allocations in the budget for 2003.

2. The reform should be based on the concept of "priority staffing of constant-readiness units with voluntarily enlisted servicemen" and preservation of the draft "for training and buildup of militarily trained mobilization capacity in reduced-strength units and training centers." A more detailed excerpt from the minutes of this meeting is given in Appendix 3.

This paper is meant to contribute to the work that will be required to put these decisions into practice. Moreover, understanding that a change in RF military recruitment is only a small part of military reform, the authors have also set forth here their vision of the goals of reform, and, on this basis, the role of recruitment and its overall place in military reform.

This paper reflects the work of IEPP staff members working on defense economics. Contribution should be acknowledged from other authors: E. Vatulkin—section 3 and Appendix 3, E. Liuboshits—sections 1 and 4, E. Khrustalev—sections 4 and 5, and V. Tsymbal—sections 2 and 6 and Appendix 3.

The authors express their deep appreciation to deputies of the RF State Duma, B.E. Nemtsov and E.A. Vorob'ev for their creative participation in discussing the basic results and their valuable comments, which helped in seeking reasonable ways to improve the various options and select the best one. The advice of the president of the RF Academy of Military Sciences, M.A. Gareev, and the president of the Academy of Problems of Military Economics and Finances [APVEF], S.F. Vikulov, was also quite useful, and interactions with staff specialists of the RF government, the Finance Ministry, the Organizational and Mobilization Headquarters of the General Staff of the armed forces, and the RF Security Council were very valuable. The practical resolution of this problem still lies ahead; precise argumentations will certainly be needed. Therefore, in mentioning the useful interaction achieved in the past, the authors also ask for future cooperation.

1. The concept of reforming military recruitment in Russia

Having entered the twenty-first century, we are forced to note that detente has not become a global and spontaneous process, that military threats are a reality, and the development of means and methods of armed conflict has not only reached a level never before seen, but continues apace. This was borne out by the tragic events of September 11, 2001, which radically altered the world geopolitical and military-political situation. The terrorists gave mankind a wakeup call unprecedented in its audacity, cynicism, and severity. The civilized world, including Russia, must respond adequately to terrorism, and part of this response has to be military. The Russian army can not stay the same. The RF leadership is faced with the extremely important task of modernizing the country's entire military establishment and adapting it to the new problems associated with stopping possible aggression and acts of international terrorism, and, if necessary, carrying out targeted and effective retaliation. ||

The incompleteness of military reform significantly reduces the combat readiness of Russia's military establishment. Under the current system for staffing the army and navy, so-called unsanctioned relations known in society as "violent hazing" [*dedovshchina*] arise among servicemen. This degrades soldiers' human dignity, leads to criminality in the ranks, and exacerbates negative social attitudes toward military service. Draft evasion is becoming a mass phenomenon. The overall quality of draftees is low. Cases of absence without leave are not uncommon. The overall quality of the reserve, the mobilization capacity of manpower, is also low. As a rule, a peacetime professional army needs to be reinforced in the event of a war, and reservists have to be called up. This is the general pattern for all major military powers in the modern world. Therefore, however unlikely war may seem at the present moment, the country needs a militarily trained reserve. ||

Unless the RF military establishment moves to a qualitatively

new level and is put on a professional footing, it will be impossible to provide for the country's military security. The time for debating the need for military reform has passed. The decision to carry out such reform must be made without delay, and the following implementation steps must be undertaken equally urgently.

- A political decision must be made as soon as possible, and it must be independently emphasized by proclaiming and explaining it in the president's regularly scheduled message to the Federal Assembly. The essence of this decision is:

- The armed forces and other troops, military formations, and agencies that deal with problems of providing military and state security—all structures that are customarily called the RF military establishment—must begin a transition to primarily voluntary recruitment on a contract basis (to be implemented in two to three years).

- The fall draft of 2002 will be the last two-year draft in accordance with the laws of the RF currently in effect.

- The country's leaders should give special treatment to servicemen who are the last to be drafted for two years. It must be emphasized that they are performing a most important historical mission in supporting the transition to a new system, and therefore they deserve special respect, recognition, and reward. The Russian state should mark the completion of their service with special honorary insignia and the presentation of a monetary bonus and benefits that will be given in the future to all members of the armed forces who complete their service under contract.

Thereafter, all types of military units of the army and navy as well as other troops that support the objectives of restraining aggression and stopping armed separatism and terrorism will be on alert, in a state of elevated combat readiness, and should be manned (replaced) with personnel, including privates and noncommissioned officers (primarily sergeants), on a voluntary basis only. The troops and forces manned in this way will henceforth be called regular.

Citizens of the RF will be recruited for voluntary military service from the militarily trained reserve or from people who have

served in the military for at least six months, taking into account their recommendation and confirmation of proficiency in their military specialty. ||

After three years of voluntary service, a "contract serviceman" will be rewarded with the opening of a targeted savings account to be used either to pay tuition at a higher educational institution or, after a sufficient period of service has been completed, to purchase housing at prevailing prices in the middle zone of Russia.

Regular troops and the navy will hire citizens with nonmilitary specialties to perform auxiliary and other work that does not necessarily require the worker to be a member of the armed forces.

The duration and conditions of performing the service (work) and the parties' mutual obligations should be stipulated by contract.

- At the same time, all Russian citizens subject to the draft must be trained to perform their constitutional duty to protect the fatherland from military aggression and acts of terrorism. ||

To do this, starting in the fall of 2003, all Russian citizens subject to the draft who do not have exemptions or deferments and have not declared their desire to perform alternative military service will be called up to military reserve training centers for six to eight months, depending on the military specialty appropriate to their abilities and aptitudes. During this time, they will perform the following tasks: ||

- acquisition of a military specialty at military reserve training centers; and ||

- guarding and maintenance of reserve weaponry, material, and equipment.

Thus, the country's militarily trained reserve will be regularly renewed. By itself, the presence of such a reserve, as well as stores of well-protected and maintained weaponry, material, and equipment, will be an additional factor restraining the likelihood of aggression and terrorism. People of draft age who have declared that they cannot take up arms will be called up for alternative civilian service to perform work that will enable them, in the case of repelling aggression, to provide necessary nonmili-

tary assistance to the armed defenders of the fatherland.

* The appropriate amendments to the law on military obligation and service, as well as to other laws and regulations specifying the fundamentally new procedure for performing military service in the RF, should be adopted in the first half of 2002.

In developing the new legislative framework, all current student deferments can be preserved, and the possibility of selecting an alternative to performing military service under the draft can be provided (one six-month period or two three-month periods). For citizens who have a military specialty in the Russian Defense, Sport, and Technical Organization, the term of service at the appropriate reserve training center may be reduced to three months.

With such a significant reduction in the term of military service and change in its content and conditions, the issue of evading service will no longer be pressing. j

If a political decision is made to begin the transition to the new recruitment system in 2003, then the spring draft need not be conducted at all, and the fall draft in 2003 will be the first one to call up men to military reserve training centers only, on a new legal basis. II

* The necessary network of military reserve training centers for the whole RF military establishment will be created in the next two years on the basis of: ||

—existing military training units (training centers, detachments, schools, complexes, and crews); |

—reduced-strength combat units and “cadre” military units, storage depots, and some military training institutions that are presently turning out officers without units to command.

In this case, the leadership and teaching staff of existing military training institutions would no longer be dissatisfied with their social and service positions. Moreover, teachers and instructors would be placed in a privileged position because they will be responsible for the all-around training of citizens who will be in the reserve, as well as those who wish to continue their military service under contract immediately after graduation from the reserve training centers.

- At the same time, for the first two years after the political decision to switch to a voluntary recruitment for the military establishment, the infrastructure of military garrisons that will deploy regular troops and naval forces, as well as reserve training centers, should be altered as little as possible. |

- During the period of transition, that is, after the two-year draft is discontinued and the draft for training the military reserve is gradually increased (as the training centers are set up), the activity of military recruitment offices should be restructured to work under the new recruiting system. II

- Pay for military professionals should be in line with pay for a federal employee, with allowances for the specific nature of military service and its inherent dangers. Appropriate bonuses should make the RF military establishment competitive in comparison to other employers. As calculations have shown, expenditures on transition to the proposed recruitment system are comparatively small and entirely affordable for the Russian economy. The expenditures can be distributed in different years of the reform process in order to avoid peak loads, particularly in 2003. I

After 2004–5, the rate of increase in the monetary allowance for professional members of the armed forces can be reduced; thereafter, it will change in line with changes in salary for all government employees and the average wage in the country. Additional funds will be used to replenish savings accounts.

- An appropriate implementation program will be needed to realize the political decision of the RF president. Expeditious development of such a program can be entrusted to an interdepartmental working group, which should be set up under the RF Security Council.

Simultaneously, the country's military leaders must:

- decide questions of deploying regular troops and forces, as well as reserve training centers;
- revise force development plans;
- adjust regulations, directions, and other standards;
- instruct the RF Finance Ministry, together with the Financial

and Economic Headquarters of the Defense Ministry, the Office of Military Economic Analysis and Expert Review of the Defense Ministry, and appropriate agencies of other departments that are part of the RF military establishment, to expeditiously develop long-range financial plans for carrying out this reform and include the appropriate expenditures in the draft federal budget for 2003.

It is equally important to explain and publicize the merits of the new recruitment system to the public.

2. Starting point and methodology for substantiating the concept and the program of transition to a new recruitment system

The concept of a new recruitment system set forth in the preceding section reflects extensive analysis of domestic and foreign experience, theoretical research and practical recommendations, heuristic conjectures, and thorough scientific analyses. These analyses constitute the most important part of this working paper. However, the methodology and results of these analyses cannot be presented without describing, at least briefly, the initial data and premises on which subsequent calculations were based. I

The problem under consideration is quite complex methodologically. The questions that must be resolved in switching to a new military recruitment system not only affect the interests of the Russian state, society, and most of its citizens, and their military security, but also the interests of international organizations as well as many countries. The status of a great power that has nuclear weapons is more than just an honor; it also carries a heavy obligation. The degradation of Russia's military establishment worries our allies and may provoke our enemies. Military recruitment issues must therefore be resolved on a sound scientific basis, using verified initial data and taking into account the diverse interests of all parties concerned.

Of the multitude of tasks to be accomplished, we will single out the most important ones:

- determination of quantitative indexes and the time line of transition to a new recruitment system;
- determination of military, economic, and other (positive and negative) parameters that are indispensable in comparing options;
- comparison of various parameters of the proposed recruitment option with alternatives;
- assessment of the proposed option's preferability;
- assessment of social support for the recommended option and expected opposition to it.

The need to give analytical answers to these questions suggests that we begin by formalizing the statement of the problem and developing a methodology for solving it.

2.1. Initial data on the planned reduction in manpower

At present, data on the quantitative composition of the RF military establishment are classified. However, publications come out regularly, some with references to official sources, that disclose this supposedly classified information. This allows us to construct plausible initial data and perform economic calculations. In addition, we note that, according to A.A. Kokoshin's testimony, during his time as deputy defense minister he encountered "significant discrepancies in the data from personnel, financial, organizational-mobilization, and logistical headquarters." Furthermore, "the discrepancies sometimes came to more than 130,000 men," and "the discrepancies between reporting data sent to Moscow and the actual use of funds for individual purposes amounted to 25 percent or more."

It seems sufficient to use approximate information in assessing proposals for changing the principles of military recruitment because subsequent calculations use data on future levels of payments for military labor, the attractiveness of service, and so forth, that are known to be even less precise. At the same time, it is important to know how sensitive the conclusions and recommendations stemming from the calculations are to variations therein.

Therefore, in assessing the concept, calculations were done for two initial data systems (IDS). One of them corresponds to publications dating back to the end of 2000, when the RF Security Council considered the issue of cutting back the size of the military establishment and it was advantageous for the military to show how understaffed it was. The other was published in mid-2001, when the budget request for 2002 was prepared and the same military departments had to justify the considerable amount of money being requested.

The expenditures needed for the transition to the new recruitment system were estimated by using the example of the armed forces of the Russian Federation (AF RF). According to information from the end of 2000, the initial size of the AF RF in 2001 was taken as 1,200,000 men; and according to data from mid-2001, 1,365,000. Versions of the calculations that take into account the difference in the initial information used were performed in 2001. The results of these calculations were published in the beginning stage of this study and are not given here.

In subsequent calculations, the initial data were adjusted by the number of cadets in military schools, the Nakhimov Naval College and the Suvorov Military College, who were excluded from consideration in this study. The initial data on the numerical composition of the armed forces and trends of change in it are given in section 3, in a systematized and formalized form.

The numerical strength planned to be reached in 2004, following decisions endorsed by the RF Security Council and approved by the RF president, reflects a reduction to 835,000 men (IDS-1) or to 1,000,000 men (IDS-2).

At present, judging from publications, the cutback in Russia's military staffing will most likely correspond to IDS-2. Therefore, most of the calculations given below correspond to this initial data system. The results of the calculations according to IDS-1 were used only to characterize the stability of the conclusions that were derived and the recommendations that follow from them.

Of the total number of men performing military service under

the draft, one-quarter of them (on average) cannot be considered fully combat-ready insofar as recruits must undergo basic training (in military training units or at their place of service) and assimilate the principles of army (navy) life. Military service also becomes less effective immediately before demobilization. A certain percentage of personnel serves by guarding reserve military equipment and material, participating in its maintenance, and performing other auxiliary functions, that is, they are also not part of the regular troops (forces). All of this leads to an important conceptual conclusion: *the number of drafted servicemen can be replaced by a smaller number of contract servicemen (at least 25 percent fewer)*, provided, naturally, that the term of service under the contract is long enough (more than three years on average). And this replacement can be considered *equivalent in the sense of the combat capabilities of constant-readiness troops and forces*, which are the basis of the military establishment's regular troops and forces.

The mobilization capacity of the draft (taking into account current laws, demographic factors, prevailing social attitudes toward military service, and the scale of draft evasion) is presently estimated at up to 200,000 men in each draft, or 400,000 per year. Of these, about 130,000 in each draft go to the AF RF.

2.2. *Political views and options to be compared*

Most Russian citizens are not indifferent to plans for reforming the military recruitment system, and, consequently, public organizations, parties, and movements take a great interest in these plans. We cannot ignore the political complexion of these issues, as the social tension arising from the implementation of a certain policy is one of the main criteria for selecting a reasonable version of reform. However, the significance of this factor should not be overstated.

From the standpoint of the general principles of our Constitution, Russia has declared itself to be a democratic state (Article 1) and guarantees its citizens certain rights and freedoms (Chapter

2). There are also duties, primarily (Article 59) the duty to defend the fatherland. However, because military defense of the fatherland is not typical of peacetime, people may have different attitudes toward a peacetime draft. At the same time, another point seems indisputable: every capable citizen should be prepared to defend the fatherland, even if he himself is not worried about doing so.

To complete the political and legal picture, we will also consider the encyclopedia definition of the concept of "serfdom." As we know, this is "bondage of peasants to the land and subjugation to the administrative and judicial authority of the feudal lord." If we replace the words "to the land" with "to the military establishment," and the words "feudal lord" with the generalized concept of "command," then we can construct a far-reaching system of analogies that does not support forced service under the draft. In most cases, those who defend the draft themselves became servicemen voluntarily and entered the "command" category. From the perspective of social justice, it is also significant that the draft, as presently practiced, primarily affects men from low-income families and is an added burden or tax for them. Therefore, it is precisely the proponents of democratic ideals who are in the front ranks of Russian citizens that are demanding a transition to a voluntary recruitment system.

Turning away from political assessments to the practice of military force development, we can see that the ratio between the number of enlisted men in various categories of servicemen (those drafted or serving under contract) *is the main difference in the proposed options for military reform.*

In the process of analyzing the proposed policy, IEPP researchers looked at dozens of options, in checking the stability of the recommendations obtained in relation to variations in the initial data, and in assessing the timing of and certain nonstandard proposals for changing the recruitment system. The most interesting options are presented in section 3.

It is best to begin our analysis of the options with what is called

here after the reference option. In this stage we examined the period up until 2005, in that after 2005 a draft crisis is expected owing to demographic factors. The number of young people of draft age will decrease, making it much harder to carry out the reforms. Moreover, after 2005 it is expected that the troops will receive the latest twenty-first-century weapons, and the mastering and use of these weapons will require qualitatively different personnel. ||

Option 1—reference. The existing legal framework and system of the two-year draft is preserved for the next few years. The transition to staffing the AF RF on a contract basis is put off for a long time. The number of enlisted men serving under contract is kept at the current level. The number of drafted servicemen, and the number of men drafted, are also reduced. Until recently, Defense Ministry leaders actually advocated this option. |

Option 2—exclusively contract. Starting in 2002 (as it seemed possible to do in 2001, although the chance was missed) or in 2003, the draft is completely discontinued. Previously drafted servicemen complete their established terms of service. In accordance with this and with the parameters for 2004, the number of enlisted men serving under contract is gradually increased. In this case, the trend of change in the total number of men remains the same as in Option 1. This option can arbitrarily be called a part of the Yabloko party's political platform. However, recently the party's leaders have been inconsistent in their understanding of military reform: first they back away from categorical insistence on the option of switching to an exclusively contract recruitment system, then they return to it once again. Therefore, Option 2 remains in the study simply as one calculated at the other extreme from Option 1. I|

A set of compromise options. Previously drafted servicemen serve out their established terms. From the first year of the reforms (e.g., from 2003, but other options were also considered), the draft laws are changed. Short-term conscription begins (for training at reserve training centers) and is gradually increased to the number of men that can be trained in the existing military training units (up to about 60,000 at a time) and at newly created training centers.

Then they will all be called reserve training centers. As the network of such centers is built up, if necessary, the draft can be increased (to approximately 150,000 men for IDS-2). Previously, in calculating IDS-1, this increase was taken as equal to 200,000 men. However, judging from new data of the Organizational and Mobilization Headquarters of the General Staff of the AF RF, this number is not absolutely necessary for maintaining a militarily trained reserve of about 5 million men. The number serving under contract is also gradually increased to the required level.

The trend of change in the number of servicemen in each six-month period, as well as the average annual number of those enlisted in the military establishment in the period under consideration up until 2005 is presented below in the tables of section 3, on the example of the AF RF.

Summarizing the distinctive characteristics of the options under consideration, we will note that:

- the first option postpones the transition to voluntary recruitment until some later date. It is considered a priori unacceptable in that it does not solve the most acute socioeconomic problems of two-year conscription and service in conditions of frequent offenses [*dedovshchina*];
- the second option calls for an immediate and absolute transition to voluntary recruitment. However, this does not solve the problem of training a reserve using existing methods and resources;
- the recommended option should solve the problems pointed out above in the best possible way from the standpoint of military and economic indexes. It must be found among the multitude of compromise options.

In this case, the analytical procedure can be reduced mainly to seeking a reasonable degree of compromise.

2.3. Attitudes of draft-age people toward recruitment issues

Questions of feasibility are among the most important in substantiating a reasonable concept for reforming the recruitment system:

Will young people enter military service voluntarily? Under what conditions? How do they feel in general about the idea of reform? We need to know the answers to these questions from all points of view, especially financial and economic ones.

A sociological survey was conducted to answer these questions. In order to prepare a scientifically valid questionnaire, IEPP analyzed payroll and living expenses for members of the armed forces, particularly the pay level for military labor in the Russian labor market.

Financial and economic evaluations as of May 2001 gave the following results.

On the basis of data published by the Organizational and Mobilization Headquarters of the General Staff of the AF RF, salary and living expenses for one enlisted man are:

- 16,800 rubles per year (1,400 rubles/month) for a draftee;
- 40,400 rubles per year (3,370 rubles/month) for a contract serviceman.

In this case, salary and living expenses take into account not only assignment pay (which is set by order of the Defense Ministry, no. 475, dated October 7, 2000), and rank pay, but also various bonuses, clothing allowances, and so forth. For reference, the assignment pay for soldiers, sailors, sergeants, and master sergeants serving under contract is 502–618 rubles/month; the rank pay is 252–312 rubles/month; and bonuses altogether total almost as much as the assignment pay.

However, when this analysis was being conducted, there were already indications that expenses for contract servicemen in the reform period would be higher. According to a resolution adopted by the RF government and approved by the RF Security Council on May 11, 2001, the monetary allowance will be raised in the coming years for all members of the armed forces (mainly for officers, but also for enlisted men serving under contract). For example, for a squad leader (sergeant) serving under contract, in May 2001 the raise tentatively looked like this: from an added monetary allowance of 1,900 rubles/month it would increase to 3,086 rubles/month starting July 1, 2002, and then to 3,298 rubles/month starting Janu-

ary 1, 2004. After taxes, this will be approximately 2,776 rubles/month starting July 1, 2002, and 2,869 rubles/month starting January 1, 2004.

The following may serve as guidelines for estimating the expenses needed to provide a decent standard of living for a professional contract serviceman in 2004 and subsequent years.

(a) The former federal standard on the status of members of the armed forces, according to which the assignment pay of soldiers and sailors serving under contract should not be less than five times the minimum wage, and their rank pay should not be less than half the assignment pay.

Because the minimum wage was set at 300 rubles/month after July 1, 2001, the estimated total pay for this category of servicemen should be more than 2,250 rubles/month.

(b) Existing provisions of the law on the status of members of the armed forces, which now states that "the pay of members of the armed forces shall be raised by the RF government following the procedure, at the times specified, for federal employees."

Based on the salaries of federal employees at lower levels of the hierarchy (category-II specialist—500–700 rubles, category-I specialist—700–900 rubles, expert specialist—1,500–1,600 rubles), and following the rules for determining bonuses for these specialists when calculating their payroll fund (see the decree of the president of the RF, no. 310, dated March 1, 2000), we get an estimate of the pay for a serviceman serving under contract with a pay grade comparable to a federal employee at lower levels of the hierarchy in the range of 1,200–3,600 rubles/month (average 2,400).

(c) The nominal average wage for a worker in the RF in 2000, which, according to Goskomstat data, was 2,391 rubles/month.

(d) Official data on average per capita income per family member was 2,243 rubles/month.

(e) The minimum subsistence level in the RF as of the fourth quarter of 2000 was 1,406 rubles/month for one able-bodied person, and 3,855 rubles/month for a statistically average family of three.

Assuming that young servicemen who enter military service

under contract during the period up until 2005 do not all start families at once, we can be guided by the mean value of these two amounts of minimum subsistence level, which is equal to 2,600 rubles.

The data cited enable us to get a "feel" for a reasonable amount of salary and living expenses for professional soldiers in the Russian Federation that is in line with the country's economic capabilities and with workers' wages.

Sometimes the experience of highly developed countries is consulted in establishing such guidelines (see the next section). The estimates thus obtained are far beyond our reality, and were not used in this study. I₁

The feasibility of the proposed policy in relation to enlisted men depends significantly on the minimum threshold payments that will be sufficient to induce young people to agree to serve under contract. A preliminary estimate of these parameters was made by specialists at the IEPP in Moscow and the Academy of Problems of Military Economics and Finances in Yaroslavl, and a detailed investigation was conducted by specialists at VTsIOM. The amount of additional payments on top of what is now being spent on average (approximately 1,400 rubles/month) for each serviceman, that is, for food, clothing, barracks residence, and so forth, was estimated.

The representative nature of VTsIOM's sample allowed us to extend the results of the survey of 1,602 people to the entire male population of the RF eighteen to twenty-eight year olds, which Goskomstat data presently numbers at 11,815,000. It should be noted that 13 percent of this segment surveyed by VTsIOM consisted of people not subject to the draft. Of the total of about 12 million Russian men from eighteen to twenty-eight years old, the number of those ready to enter service under contract are given in Table 1. The third column of Table 1 contains extremely valuable information on the number of citizens in this category who could enter service under contract almost immediately without being retrained at military training centers or through accelerated training at such centers.

Table 1

Supply of Possible Contract Soldiers

Pay, after taxes in rubles per month during peacetime	Number of men 18–28 years old willing to serve under contract for such pay (thousands, rounded off, minimum estimate)	Of these, number of men who have already served in the army (thousands, rounded off, minimum estimate)
2,000	100	25
3,000	400	150
4,000	900	400
5,000	2,000	1,000

Source: All-Russian Center for Study of Public Opinion.

Some other results of public-opinion surveys deserve attention. In spite of the fact that, according to VTsIOM's estimates, almost 5 million men (40 percent) in principle did not want to serve in the RF military establishment in peacetime for any amount of pay, most of those surveyed (67 percent) approve of the proposed policy to reduce the term of obligatory military service to six to eight months, and 83 percent support changing the regular troops to an exclusively professional basis.

Based on the need for guaranteed staffing of constant-readiness troops (forces) with the required number of enlisted men on a contract basis, and considering the advisability of creating competitive conditions for selecting such people at a level of at least two applicants per opening, we suggest the following strategy for raising the monetary allowance (additional compensation) for contract servicemen:

(1) gradually raise the monetary allowance each year by approximately 500 rubles/month (in 2001 prices);

(2) draw up the contract so that those who sign it are guaranteed an annual pay raise until 2004, and after that the pay level is tied to the salary of federal employees. Of course, guarantees of future

increases in the monetary allowance should not only be reflected in the contracts of people recruited in 2003–4 but also inserted in the contracts of previous recruits, which the military establishment needs, in order to prevent their demobilization.

Thus, for financial and economic estimates we can assume that the salary and living expenses for contract servicemen consist of the constant part of expenses for various types of allowances, which are only slightly more than the analogous salary and living expenses for a draftee, as well as the monetary allowance, which should be increased each year to make military service economically attractive and provide for quantitative and qualitative growth of this category of servicemen. In addition, in subsequent calculations of expenditures (see section 3), for the sake of simplification it was assumed that the standard living expenses for draftees will not depend on their length or place of service. ||

Regarding the reliability of the estimates made by VTsIOM specialists concerning the amount of military pay for citizens serving as enlisted men under contract, first, we should note that it is indirectly confirmed by practice. I|

At its present level of only about 2,000 rubles, this pay is nevertheless sufficient to retain about 150,000 enlisted men under contract in the AF RF. According to VTsIOM data, the reserve of such men numbers more than 100,000. It is another matter that a considerable part of this reserve may be unsuitable for military service.

An appreciable portion of men with higher education who, for whatever reason, have not found a place in the new economic situation in Russia at their current area of residence, would in principle be willing to serve as contract servicemen for three years if pay were more than 3,500 rubles/month. It would be very advantageous to recruit such people for military service in technically complex military specialties, particularly during the difficult transition period of carrying out military reform. ||

On the whole, the distributions of desired pay levels found in the IEPP expert estimates and the VTsIOM surveys are close, which

allows us to conclude that we can properly use in our study the distribution of the levels of required payments that were obtained. The same conclusion can be extended to the rest of the estimates characterizing young people's attitudes toward voluntary military service and the formation of a militarily trained reserve, which will be discussed below.

2.4. Foreign experience in using various recruitment systems

In the interests of this study, it seems wise to briefly analyze the military recruitment systems of various countries that have powerful armed forces equipped with modern weapons and equipment.

Great Britain. The armed forces of Great Britain are recruited exclusively on a voluntary basis. Volunteers from seventeen and a half to thirty years old are recruited as enlisted men under contract. Volunteers who pass a medical exam and qualifying tests are sent to military training centers of branches of the armed forces and then distributed among units within the country and abroad.

Noncommissioned officers are trained, as a rule, in sergeant courses. However, servicemen who have the proper education and pass exams on general knowledge and special disciplines may be awarded the rank of sergeant if they are recommended by the command.

Great Britain's armed-forces reserve is based on people twenty to fifty years old who have served in the regular armed forces. The main purpose of the reserve is to bring the strength of units up to wartime levels and develop new formations for mobilization.

Germany. The armed forces of Germany are staffed via compulsory military service. In peacetime, all enlisted men eighteen to forty-five years old and commissioned and noncommissioned officers up to sixty years old may be called up for military service.

According to the constitution, all men eighteen to twenty-eight years old who are liable for military service may be drafted for a period of ten months. People who refuse military service are enlisted

for compulsory work ("alternative service") for thirteen months in civilian institutions.

The total number of draftees each year is about 200,000.

The armed forces are manned on a mixed principle: by means of the draft, and also with volunteers under contract (from two to five years) and professional cadre servicemen who serve until they reach a set age limit. Regular-term servicemen make up 45 percent of the total number in the armed forces, while volunteers and cadre servicemen make up 55 percent.

Draftees, contract servicemen, and cadre servicemen in their first term of induction go through a unified general basic training program for the first three months. After basic training, the servicemen are sent to combat elements, where they undergo complete special training and carry out their service. If they wish, enlisted men may continue their training in various courses in order to receive the rank of noncommissioned officer.

China. According to law, universal military obligation is combined with voluntary service; however, a compulsory draft is the main method for staffing the armed forces.

Under the current rules, all male Chinese citizens eighteen to thirty-five years old are subject to the draft. Because the number of men of draft age is considerably greater than the size of the mobilization contingent, considering the complicated economic situation in the country, there is stiff competition among those who want to be drafted. In this situation, there are not even any plans to switch to professional armed forces.

Turkey. The Turkish army is staffed on a mixed principle: based on a law on universal compulsory military service, as well as service on a contract basis. Approximately 30 percent of the total number in the armed forces is made up of volunteers, and 70 percent are drafted.

According to the law, men twenty to forty-five years old are subject to the draft in peacetime. Turkey's armed forces are manned with regular-term noncommissioned officers from among the most competent soldiers who have undergone brief (three to four month)

training in special courses with their units. At the end of their active-duty service, noncommissioned officers may remain for extended service if they wish.

At present, the total draft contingent is about 490,000 men. Of this number, approximately 300,000 are drafted into the armed forces, and the rest officially buy their way out of the draft, which provides the state treasury with \$20-25 million each year.

Japan. The self-defense forces are manned on a voluntary principle. Males eighteen to twenty-five years old as well as a limited number of women are accepted for military service. More than 22,000 volunteers are recruited into the self-defense forces each year.

From those accepted for military service, the rank and file are sent to training units, detachments, and schools, where they undergo a course of basic (three to six months) and advanced (five to fifty weeks) military training, depending on their specialty. After that, personnel are distributed among combat units.

United States of America. The U.S. armed forces are manned on a voluntary principle. Healthy male and female citizens seventeen to thirty-five years old, with suitable levels of occupational training, are accepted for active-duty military service.

Ranks from private to corporal are automatically assigned to servicemen and women at the end of their period of service in the preceding rank, provided that they have fulfilled their duties diligently and observed disciplinary standards. In individual cases, the next military rank may be awarded early. Ranks in the range of sergeant to sergeant-major of a branch of the armed forces are awarded on the basis of recommendations from special selection boards.

France. The armed forces of France are staffed by a draft (in accordance with the law on universal compulsory national military service for a term of up to four months) and recruitment of volunteers under short-term (sixteen to twenty-four months) and long-term (three to five years) contracts.

Citizens eighteen to thirty-two years old are accepted as volunteers for active-duty military service, and from the age of seventeen

for training in a military specialty or at noncommissioned officers' schools. Contracts may be extended for fifteen years by the rank and file, and up until the age limit or a total period of twenty-one years by noncommissioned officers.

According to the available information, France is now completing the transition to a contract system for staffing its armed forces, leaving the draft in place only for training a reserve.

On the whole, the results of this analysis of foreign experience were used in this study only as guidelines to limit the possible approaches to solving the problem, with no appreciable influence on the methodology or results of the substantiations.

2.5. Methodology of substantiations

The attempt to give a formalized description of the problem under consideration (see 2.1), taking into account the initial data (see 2.2 and 2.3), domestic and international experience (2.4), and also empirical suggestions (ideas), led to the result presented schematically in Table 2, which requires at least some brief comment.

Staffing trends in the RF military under examination can be described by some set of quantities that vary in time. Then, control theory suggests that the formalized "state" of the system at each moment in time is expressed in the form of some "state vector." This vector takes into account primarily the dynamics of change in the numbers of servicemen in various categories and partly the dynamics of distribution of military expenses.

Another group of variables characterizes the "control vector." These are quantities that can be controlled, bringing the actual state closer to the desired one. In the problem under consideration, components of the control vector include the amounts of monetary allowances for various categories of servicemen, nonfinancial incentives, and also legislative regulations for military service.

In addition, predictable and random impacts that are external to the system under consideration but have an impact must be taken into account.

The quality of the transition processes occurring in the system is expressed by a set of criteria, which are listed in the lower left corner of Table 2. Only some can be represented numerically; the rest are fuzzily expressed concepts.

It cannot be said that financial and economic parameters are the most important ones in this set. The country's defense capability is probably more important, and reducing socioeconomic tension is more critical. Nevertheless, the economic aspect of the problem was given the closest analysis in this study, for the following reason.

The question of transition to a contract recruitment system is not new. Previous attempts to make this transition failed primarily for economic reasons. As is correctly noted in the National Security Concept of the RF, "Russia's national interests can be realized only on the basis of steady growth of the economy," And in an interview on Internet 6 in March 2001, the president of the Russian Federation noted that "movement in the direction of a completely professional army" is the right thing to do, but "the question, of course, is the timing. And the timing depends on the country's economic capabilities."

This problem is not amenable to the classical interpretation of a situation, with a statement of the problem in which it is assumed that there is some individual or corporation that makes a decision, and this decision maker can formulate a criterion, or at least select one from a list of criteria. In our case, the situation is different. The processes that occur are controlled by some set of government agencies and public organizations, which we can designate by the term "management decision-making and implementation system" (MDMIS). The parties involved in the MDMIS, from the president of the RF down to the Committee of Soldiers' Mothers, or even the poorly organized electorate, are not always guided by coinciding ideas about the state of the system and its control.

Nevertheless, despite all of the distinctive features of the problem being investigated, some "best" solution can still be found.

The problem closest in form to the one we are studying and that

Table 2

Vectors of Staffing Trends

Consolidated components
characterizing the state of the subsystem of enlisted men

Possibilities of
formalized description

$X_{off}(t)$, men	Officers	Dynamic state vector $x(t)$	Control vector $u(t)$
$X_{con}(t)$, men	Contract servicemen		
$X_{dr}(t)$, men	Draftees		
$B_{off}(t)$ rubles/man-month	Specific salary expenses for one serviceman in individual categories		
$B_{con}(t)$ rubles/man-month			
$B_{dr}(t)$ rubles/man-month			
$Y_{off}(t)$ rubles/man-month	Monetary allowance (pay)		
$Y_{con}(t)$ rubles/man-month			
$Y_{dr}(t)$ rubles/man-month			
Draft age	Legislative parameters of military service		
Term of service			
Deferments, exemptions			

... a (15-18)
a (19-22) ...

Demographic parameters
and predictions

Predictable parameters
and impacts outside
the system $p(t)$

Random distur-
bances $e(t)$

$GDP(t)$,
 $FBE(t)$,
 $NDE(t)$, $RPD(t)$, ...
 $MT_i(t)$, ...

Macroeconomic and domestic
political parameters and
predictions
Foreign-policy parameters,
military threats

Requirements for servicemen

Development of military science
and equipment, and of
"man-machine" systems

Parameters and criteria (K)

Their characteristics

-
- (1) $K_1 = V_{com}(T)$ - parameters of combat capabilities;
 - (2) $K_2 = H_{sp}(T)$ - sociopolitical tension in society;
 - (3) $K_3 = FBE\text{-per}(T)$; $FBE\text{-per}$ (for the period) - federal budget expenditures;
 - (4) $K_4 = MR(T)$ - long-term mobilization resource;
 - (5) $K_5 \sim$ electorate;
 - (6) K_6 - support / opposition of various political forces;
 - (7) K_7 - time frame for solving the problem.
-

Multiple criteria,
Hard to formalize,
Lack of decision-maker
decision making and
implementation system
(MDMIS) in effect

has a strict mathematical formulation is the problem of variational calculus. Numerous versions of it are known as applied to management decision making. But comparing these possibilities with the actual requirements of the problem under consideration (without emasculating its content, naturally) shows that our case does not permit a mathematically strict formulation of the problem such as in variational calculus or in the use of known methods to seek its solution. |

In carrying out this study, we tried to use an inverse of the variational problem, relying on the experience of its application to optimizing complex military-technology problems. In an inverse statement, control is selected based on considerations that go beyond the bounds of the problem itself and is then considered to be assigned. The problem is then to find the optimality criterion for which this control is an optimum. As a rule, there are many such criterion functionals. The solution of an inverse variational problem is not single-valued. If a set of solutions can be found, it is possible to determine whether or not the optimality criterion in which we are interested is part of this set. If it is, then the problem is solved. If not, then the control that was adopted a priori must be improved, and then the process of solving the inverse variational problem is repeated.

It should be noted that, as a rule, solving an inverse variational problem is very laborious, and therefore not a common approach.

In this case, only the statement of the inverse variational is used, and not the complete solution. Therefore, the lack of a unique solution may be used to our advantage: it can be used to solve a multicriteria applied problem when there is no single decision maker (neither an individual nor a corporation) and the statement and solution of the problem must be coordinated with the set of parties forming the system that was introduced above (MDMIS).

Insofar as the validity of this approach has not been strictly proved, we will use the term "hypothesis." We will formulate our hypothesis as follows. |

- For any control function that has the form $u(t)$, or even for a

function of the type $u(t, x)$, there is at least one functional $K(u)$ that reaches its extreme value with the given control: K^* - opt $K(u)$ for $u(t, x)$.

- For any acceptable control $u(t, x)$ that satisfies all the restrictions, when it is varied there is an opportunity to observe the corresponding variations of the functional $K(u)$, and if it is expressed by a set of parameters, then the changes in each of them can be observed.

- The MDMIS is capable of determining favorable directions of variation in the control function, and the parties involved in the MDMIS can reach a consensus in this way.

- Even if the intuitively understood criteria of various parties to the MDMIS are not the same, but are flexible within reasonable limits, a compromise management decision can be found from this set of criteria.

Then, within the framework of this hypothesis, the following method of seeking the “optimum” management decision is valid and can be used. We suggest that this method be called the *implicit optimization method*.

The method calls for a preparatory stage, followed by a large number of cyclical reiteration stages of the solution.

In the preparatory stage, some control is selected: $u_0(t, x, y)$, which is the initial approximation of the solution in the class of acceptable solutions and is considered in its original form without variations.

Both types of variations that are subsequently used are considered equal to zero at first:

$v_k(t, x, y) = 0$ is a variation that improves the control;

$v_j(t, x, y) = 0$ is a test variation.

The "counters" of the number of iterations are set to zero:

$$k = j = 0.$$

The control to be varied is set equal to the initial one:

$$u_{kj}(t, x, y) = u_0(t, x, y).$$

After that, the iteration procedure can begin:

$$(1) u_{kj} = u_{kj} + v_k;$$

$$(2) u_{kj} = u_{kj} + v_j, j = j + 1;$$

(3) calculate the course of the controlled process $x_{kj}(t, u_{kj})$ and the corresponding parameters $K_{kj}(t, u_{kj})$;

(4) accumulate K_{kj} ;

(5) assign test variations $v_j(t, x)$, return to step 2;

(6) together with parties to the MDMIS, reach a judgment on a reasonable value of the improving variation v_k or on giving up any further attempts to improve the control, then proceed to step (7);

if this condition is not fulfilled, return to step 1 and repeat the computations for the improved control;

(7) take the value of the function u_k as the reasonable u_k^* that was found, as well as the values of the function x_k^* corresponding to it and all components of the functional K_{kj}^* .

Result: we find a control $u^*(t, x)$ that corresponds to a compromise from the standpoint of the set of parties involved in the MDMIS. This solution can be interpreted as providing for attainment of multicriteria optimality.

A fundamental feature is that the type of functionals K_i to be "optimized" in this way and their dependence on the control $u(t, x)$ are not revealed, at least to the parties to the MDMIS. That is why the method is called the implicit optimization method.

Another point is that, for the researcher, revealing at least one of the types of complex functional (optimality criterion) may be of interest from both a scientific, cognitive point of view and from a practical one. The practical benefit of knowing the criterion for which optimality is achieved consists in the opportunity to investigate the sensitivity of the solution that is found to some initial parameters and external impacts, and, most important, to obtain a tool for expeditiously refining the solution that is found (with a slight change in the initial data) and give appropriate recommendations to the parties to the MDMIS in the course of subsequent scientific support of their actions to carry out the resulting solution.

But even this activity does not require that the MDMIS necessarily agree with the optimality criterion that the researcher identifies.

3. Formalization of the calculated options and their financial and economic evaluation

3.1. Procedure for financial and economic evaluation of the options

3.1.1. Description of the procedure

An option for the transition to a new recruitment system can be defined by the dynamics of the average annual numbers of servicemen in all categories from year to year during the period under consideration. In most of the options, this is from 2002 through 2005. For enlisted men, the numbers are given as six-month averages (to match the adopted draft and discharge procedure—twice a year).

Option 1 (see section 2), which is taken as the *reference* option for substantiating proposals for changing the system of recruiting personnel for the AF RF, plans for the period of 2002-5 in accordance with resolutions of the Security Council and the government of the Russian Federation. All other options are compared to the reference one in some manner.

In the calculations, a serviceman in each category is characterized by his average annual salary and living expenses.

A financial and economic evaluation is given for each reform option by determining total annual expenses, including salary and living expenses for all servicemen in each category, proposed payments to discharged enlisted men, and also, if necessary, additional payments to commissioned officers and warrant officers (COWOs) and military retirees (MRs). Then, based on these calculations (for consolidated categories of servicemen), total annual expenses for all servicemen during the whole period are calculated.

The evaluations obtained for alternative options are compared to that of the reference option, and, in some cases, with each other. These results enable us to rank the options according to how much they deviate from the reference option.

For the most part, the calculation algorithms for financial and economic evaluation of the options were detailed to the level of

individual operations, and, as a rule, need no description. The explanations necessary in individual cases are given directly in the appropriate tables.

3.1.2. Stages of work on comparative financial and economic evaluation

(1) Formation of options for the system of recruiting personnel for the AF RE

(2) Preparation of initial data on payroll and living expenses for servicemen in different categories.

(3) Calculations of payments to discharged servicemen and additional payments to COWOs and MRs.

(4) Calculations of total expenses for implementation of the options taken into consideration.

(5) Calculations of the parameters used for comparative financial and economic evaluation.

The material is set forth below according to these stages of the procedure.

3.2. Formalized representation of change dynamics in the number of personnel

The content of a recruitment-system option with respect to the numbers of servicemen in different categories is determined by the initial dataset. The year in which the transition to a new recruitment system begins is a specific parameter.

As we said in section 2, this study considers two versions of the initial data system (IDS-1 and IDS-2), which reflect different views on the future of the recruitment system with respect to the total number of servicemen and its breakdown by categories. Different recruitment-system options were investigated against the background of the adopted IDS. The list and contents of these systems (at the beginning and end of the period of intensive cutbacks) are presented in Table 3.

IDS-1 is a radical reduction in the total number of servicemen

and a significant redistribution of the percentage of the total number in favor of enlisted men. IDS-2 is less radical, and, for many reasons, is hereinafter considered acceptable for the military establishment. Therefore, we take IDS-2 version as the basic system from here on.

To investigate the effect on financial and economic indexes of different versions of such a parameter as the starting date for the transition to the new recruitment system, we selected discrete values of this parameter T_b : 2002, 2003, and 2004. Table 4 lists the options considered in this study.

3.2.1. Options 1 and 1-1

Initial data on the numbers of servicemen in different categories for Options 1 and 1-1 are presented in Tables 5 and 6.

The recruitment systems presented in Tables 5 and 6 are considered unchanged until 2006.

The cutback in the total number of servicemen is achieved by decreasing the number of men drafted in comparison to the number discharged in the period up until 2004.

The number of contract servicemen is taken as the same for both options and does not change from year to year.

In forming alternative options, this number remains unchanged within the framework of each IDS. The total number of enlisted men is kept the same to the extent possible.

3.2.2. Calculating trends in reductions in number of enlisted men as a result of discharge of servicemen who have served out their two years (hereinafter used for the alternative options)

To form the initial data on the number of servicemen in different categories for the alternative options, we first had to estimate trends in reductions of the number of enlisted men as a result of discharge of those who have served out their two years. These calculations, which were done for three groups of alternative options

Table 3

Versions of Initial Data Systems with Respect to Number of Servicemen

Category of servicemen	Parameters	Unit of measure	IDS-1 year		IDS-2 years	
			2001	2004	2001	2004
Total number of servicemen	number	1,000 men	1,267	835	1,267	1,000
Commissioned officers and warrant officers (COWOs)	number	1,000 men	591	235	591	458
	percent	%	47	28	47	46
Enlisted men serving under contract and drafted	number	1,000 men	676	600	676	542
	percent	%	53	72	53	54
including those under contract	number (constant)	1,000 men	150	150	150	150

differing in the time when the transition to the new recruitment system begins, are presented in Tables 7, 8, and 9 for IDS-2, and in Table 10 for the group of options in IDS-1.

The numbers of men discharged and the reduction trends in the numbers of enlisted men calculated in Tables 7-10 will be used in calculations of the corresponding alternative options.

3.2.3. Option 2

As previously noted, this is the option for radical rejection of the draft system for recruiting enlisted men, with a transition to a recruitment system completely on a contract basis. The initial data on trends in the number of servicemen during the period under consideration are presented in Table 11.

This option was formed on the basis of the reference option (Option 1). Its distinctive feature is its use as initial data of decreasing numbers of enlisted men serving two years under the cur-

Table 4

Transition to New Recruitment System: Effects of Different Starting Dates

Option no.	Contents	IDS	Beginning T_b
1	Reference. Corresponds to the current recruiting system, calling for two-year conscription and maintaining the number of contract servicemen	2	2003
2	Calls for exclusively contract service for enlisted men	2	2003
3	Options 3-5 call for: (a) discontinuing the two-year draft	2	2002
4	(b) keeping a six-month draft for service and training at reserve training centers	2	2003
5	(c) filling out the necessary number of enlisted men with contract servicemen	2	2004
6	The same as Option 4, but the number of enlisted men is kept at the necessary level with contract servicemen, and the total number of servicemen is maintained by reducing the number of commissioned officers and warrant officers	2	2003
1-1	Analogous to Option 1	1	2003
2-1	Analogous to Option 2	1	2003
4-1	Analogous to Option 4	1	2003

rent recruitment system (the rows set apart by a double border), which were calculated in Table 8. The dynamics of the required total number of enlisted men (row 6) is kept unchanged by increasing the number of contract servicemen (rows 3 and 4). This determines the algorithm for calculating the number of contract servicemen, which apparently needs no explanation. |

As a result of implementing this option, the transition to an exclusively contract system of recruiting enlisted men is supposed to be completed by 2005.

3.2.4. Options 3, 4, and 5

In contrast to Option 2, these options consider enlisted men in three categories during the transition period: contract servicemen,

Table 5

Option 1. Planned Change in Number of Servicemen in Different Categories (1,000 men)

Row no.	Categories of servicemen	2001	2002		2003		2004		2005	
		end	first half	second half	first half	second half	first half	second half	first half	second half
			average		average		average		average	
1	Serving two years under the		526	458	458	392	392	392	392	392
2	current system	<i>526</i>		492		425		392		392
3	Serving under		150	150	150	150	150	150	150	150
4	Contract	<i>150</i>		150		150		150		150
5	Total number of enlisted		676	608	608	542	542	542	542	542
6	men in troops	<i>676</i>		642		575		542		542
7	Commissioned officers and warrant officers	<i>591</i>		554		506		458		458
8	Total number of servicemen	<i>1,267</i>		1,196		1,081		1,000		1,000

Notes: (1) The data in italics correspond to the IDS and the actual numbers at the beginning of the period under investigation. The unitalicized values in rows 5-8 were determined by interpolation, assuming that the time dependence of the number of men is close to linear. (2) The rows set apart by a border contain initial data reflecting the option's distinctive feature. (3) The values of the unitalicized rows 1 and 2 were determined as the difference between the corresponding cells of rows 5 and 6 and 3 and 4. (4) The tables for the other options use an analogous format.

Table 6

Option 1-1. **Planned** Change in Numbers of Servicemen in Different Categories (1,000men)

Categories of servicemen	Row no.	2001	2002		2003		2004		2005	
		end	first half	second half	first half	second half	first half	second half	first half	second half
			average		average		average		average	
Serving two years under the current system	1		526	488	488	450	450	450	450	450
	2	526	507		469		450		450	
Serving under Contract	3		150	150	150	150	150	150	150	150
	4	150	150		150		150		150	
Total number of enlisted men in troops	5		676	638	638	600	600	600	600	600
	6	676	657		619		600		600	
Commissioned officers and warrant officers	7		591	466	353		235		235	
	8	1,267	1,123		979		835		835	

Table 7

Calculation of Initial Data on the Dynamics of Reduction in the Number of Enlisted Men Serving Two Years for Option 3, in Which the Transition to the New Recruiting System Begins in 2002 (within the framework of IDS-2; 1,000 men)

Category of servicemen	Row no.	2001		2002		2003		2004	2005
				first half	second half	first half	second half		
				average		average			
1 (numbering of columns)	2	3	4	5	6	7	8	9	
Enlisted men serving two years under the current system (reference option), see Table 5	1		526	458	458	392			
Number of men discharged $X_{3j} - X_{14/4}$ $j = 4, \dots, 7$	2	526		492		425	392	392	
Enlisted men serving two years under the current system (for Option 3) $X_{4j} = X_{14} - \sum_{3j-1}^j j = 4, \dots, 7$	3		0	132	131	132	131	0	0
	4			526	394	263	131		
	5	526		460		197	0	0	

Note: Here and hereinafter, the subscripts of the variables indicate the row and column numbers.

Table 8

Calculation of Initial Data on the Number of Enlisted Men Serving Two Years for Options 2, 4, and 6, in Which the Transition to the New Recruiting System Is Carried Out Beginning in 2003 (Within the Framework of IDS-2; 1,000 men)

Category of servicemen	Row no.	2001		2002		2003		2004		2005	
						first half	second half	first half	second half		
						average		average			
1 (numbering of columns)	2	3	4	5	6	7	8	9			
Enlisted men serving two years under the current system (reference option), see Table 5	1				458	392	392	392			
Number of men discharged $X_{3j} = X_{15/4} \quad j = 5, \dots, 8$	2	526	492		425		392	392			
Enlisted men serving two years under the current system (for Options 2, 4 and 6) $X_{4j} = X_{15} - \sum X_{3j-1} \quad j = 5, \dots, 8$	3	0	0		115	114	115	114			
	4				458	343	229	114			
	5	526	492		401		172	0			

Table 9

Calculation of Initial Data on the Number of Enlisted Men Serving Two Years for Option 5, in Which the Transition to the New Recruiting System Is Carried Out Beginning in 2003 (Within the Framework of IDS-2; 1,000 men)

Category of servicemen	Row no.	2002	2003	2004		2005		2006
				first half	second half	first half	second half	
				average	average			
1 (numbering of columns)	2	3	4	5	6	7	8	9
Enlisted men serving two years under the current system (reference option), see Table 5	1			392	392	392	392	
Number of men discharged $X_{3j} - X_{15/4j} = 5, \dots, 8$	2	492	425		392		392	392
Enlisted men serving two years under the current system (for Option 5) $X_{4j} = X_{15} - \sum X_{3j-1j} = 5, \dots, 8$	3		0	0	98	98	98	98
	4				392	294	196	98
	5	492	425		343		147	0

Table 10

Calculation of Initial Data on the Number of Enlisted Men Serving Two Years for Options 2-1 And 4-1, in Which the Transition to the New Recruiting System Is Carried Out Beginning in 2003 (within the framework of IDS-1; 1,000 men)

Categories of servicemen	Row no	2001	2002	2003		2004		2005
				first half	second half	first half	second half	
		average				average		
1 (numbering of columns)	2	3	4	5	6	7	8	9
Enlisted men serving two years under the current system (reference option), see Table 3 3	1			488	450	450	450	
Number of men discharged $X_{3j} = X_{15/4} j = 5, \dots, 8$	2	526	507	469		450		450
Enlisted men serving two years under the current system	3	0	0	122	122	122	122	0
(for Options 2-1 and 4-1) $X_{4j} = X_{15} - \sum X_{3j-1} j = 5, \dots, 8$	4			488	366	244	122	
	5	526	507	427		183		0

Table 11

Option 2. Change in Number of Servicemen in Different Categories (1,000 men)

Categories of servicemen	Row no.	2001		2002		2003		2004		2005	
				first end	second half	first half	second half	first half	second half	first half	second half
				average		average		average		average	
Serving two years under the current system	1		526	458	458	343	229	114	0	0	
	2	526	492		401		172		0		
Serving under Contract	3		150	150	150	199	313	428	542	542	
	4	150	150		174		370		542		
Total number of enlisted men in the troops	5		676	608	608	542	542	542	542	542	
	6	676	642		575		542		542		
Commissioned officers and warrant officers	7		591	554	506		458		458		
Total number of servicemen	8	1,267	1,196		1,081		1,000		1,000		

and draftees serving either two years or six months. In this case, the men previously drafted for two years under the current system serve out their term, enabling the military establishment to reorganize itself for the new recruitment system. The main purpose of the service of those drafted for six months will be training and acquisition of a military specialty. At the end of this service, they will replenish the ranks of the mobilization reserve, and some of them (those who express the wish to do so and are recommended) will extend their service, under contract.

Initial data on trends in the number of servicemen in the period under consideration are presented in Tables 12-14.

The options in this group were formed on the basis of the reference option (Option 1). Their distinctive features are:

1. The values calculated in Tables 7, 8, and 9 corresponding to these options are used as initial data on the number of men serving two years under the current recruitment system.

2. It is proposed that the number of men drafted to serve six months at training centers be gradually increased to a level of 142,000, which the military thinks is sufficient, so that the capacity of the training centers can be built up.

The targets adopted for the initial data (the rows set apart by a double border) are made possible by calculating the number of contract servicemen.

3.2.5. *Option 6*

As previously mentioned, this option was worked out in case financial problems arise with the implementation of Option 4. In the process of coordinating Option 4, military specialists expressed concern that men drafted for six months will not actually make it into the troops. It is proposed that the number of enlisted men in this option be supplemented with additional recruitment of contract servicemen. Because it is likely that Option 6, in which this additional recruitment of contract servicemen would be carried out by reducing the number of officers, may be less expensive, it seemed necessary to evaluate this.

Table 12

Option 3. Change in Number of Servicemen in Different Categories (1,000 men)

Categories of servicemen	Row no.	2001		2002		2003		2004		2005	
		end	first half	second half	first half	second half	first half	second half	first half	second half	
		average		average		average		average		average	
Serving two years under the current system	1		526	394	263	131	0	0	0	0	
	2	526	460		197		0		0		
Serving under Contract	3		150	150	150	165	225	300	400	400	
	4	150	150		157		262		400		
Total number of enlisted men in the troops	5		676	608	608	508	454	414	400	400	
	6	676	642		558		434		400		
Drafted for six months to training centers	7		0	0	0	34	88	128	142	142	
	8	0	0		17		108		142		
Total number of enlisted men in the armed forces	9		676	608	608	542	542	542	542	542	
	10	676	642		575		542		542		
COWO	11		591	554	506		458		458		
Total number	12	1,267	1,196		1,081		1,000		1,000		

Table 13

Option 4. Change in Number of Servicemen in Different Categories (1,000 men)

Categories of servicemen	Row no.	2001		2002		2003		2004		2005	
		end	first half	second half	first half	second half	first half	second half	first half	second half	
		average		average		average		average			
Serving two years under the current system	1	526	526	458	458	343	229	114	0	0	
Serving under Contract	2	150	150	150	157	165	225	300	400	400	
Total number of enlisted men in the troops	3	676	676	608	608	508	454	414	400	400	
Drafted for six months to training centers	4	0	0	0	17	34	88	128	142	142	
Total number of enlisted men in the armed forces	5	676	676	608	608	542	542	542	542	542	
COWO	6	591	554	554	506	506	458	458	458	458	
Total number	7	1,267	1,196	1,196	1,081	1,081	1,000	1,000	1,000	1,000	

Table 14

Option 5. Change in Number of Servicemen in Different Categories (1,000 men)

Categories of servicemen	Row no.	2001	2002	2003		2004		2005		2006
				first half	second half	first half	second half	first half	second half	
		end								
				average		average		average		
Serving two years under the current system	1			458	392	392	294	196	98	
	2	526	492	425		343		147	0	
Serving under Contract	3			150	165	225	300	400	400	
	4	150	150	157		262		400	400	
Total number of enlisted men in the troops	5			608	508	454	414	400	400	
	6	676	642	558		434		400	400	
Drafted for six months to training centers	7			0	34	88	128	142	142	
	8	0	0	17		108		142	142	
Total number of enlisted men in the armed forces	9			608	542	542	542	542	542	
	10	676	642	575		542		542	542	
COWO	11	591	554	506		458		458	458	
Total number	12	1,267	1,196	1,081		1,000		1,000	1,000	

The initial data on dynamics of the number of servicemen during the period under consideration are presented in Table 15.

The downward trends in the number of men serving two years under the current system (row 2) and the growth in the number of men drafted for six months (row 8) stay the same as for Option 4.

In contrast to the latter, in this option the experts who proposed it wanted to see in row 6 ("Total number of enlisted men in uniform") of Table 6 the numbers that were in row 10 in Option 4, "Total number of enlisted men in the armed forces." Since, as was already pointed out, the men drafted for six months will not make it to the regular troops (forces), the number of enlisted men in uniform, according to row 6 of Table 6, will drop to 400,000, which the experts think may not be sufficient. Beyond that, the algorithm for calculating the number of contract servicemen (row 4) with known values in rows 2 and 6 needs no further explanation.

The rise in the number of contract servicemen (row 4) is offset by a reduction in the number of officers (row 11), so that trends in the total number of servicemen (row 12) stay the same.

3.2.6. Options 2-1 and 4-1

The comments on the procedure for forming and calculating the initial data on the number of servicemen relating to Option 2 (Table 11) and Option 4 (Table 13) are entirely applicable to the analogous data for Options 2-1 and 4-1, which are presented in Tables 16 and 17. The only difference is in the initial data system.

3.3. Formalizing data on payroll and living expenses for servicemen

3.3.1. Initial data for Option 1

Data on the average annual payroll and living expenses for servicemen in the categories under consideration presented in Table 18 are based on documents currently in effect or being planned, which allowed us to use them in investigating both the reference and alternative options.

Table 15

Option 6. Change in Number of Servicemen in Different Categories (1,000 men)

Categories of servicemen	Row no.	2001		2002		2003		2004		2005	
		end	first half	second half	first half	second half	first half	second half	first half	second half	
		average		average		average		average			
Serving two years under the current system	1		526	458	458	343	229	114	0	0	
	2	526	492		401		172		0		
Serving under Contract	3		150	150	150	199	313	428	542	542	
	4	150	150		174		370		542		
Total number of enlisted men in the troops	5		676	608	608	542	542	542	542	542	
	6	676	642		575		542		542		
Drafted for six months to training centers	7		0	0	0	34	88	128	142	142	
	8	0	0		17		108		142		
Total number of enlisted men in the armed forces	9		676	608	608	576	630	670	684	684	
	10	676	642		592		650		684		
COWO	11	591	554		489		350		316		
Total number	12	1,267	1,196		1,081		1,000		1,000		

Table 16

Option 2-1 . Change in Number of Servicemen in Different Categories (1,000 men)

Categories of servicemen	Row no.	2001		2002		2003		2004		2005	
		end	first half	second half	first half	second half	first half	second half	first half	second half	
		average		average		average		average			
Serving two years under the current system	1		526	488	488	366	244	122	0	0	
	2	526	507		427		183		0		
Serving under Contract	3		150	150	150	234	356	478	600	600	
	4	150	150		192		417		600		
Total number of enlisted men in the troops	5		676	638	638	600	600	600	600	600	
	6	676	657		619		600		600		
COWO	7	591	466		353		235		235		
Total number	8	1,267	1,123		972		835		835		

Table 17

Option 4-1. Change in Number of Servicemen in Different Categories (1,000 men)

Categories of servicemen	Row no.		2001		2002		2003		2004		2005	
			end	first half	second half	first half	second half	first half	second half	first half	second half	
			average		average		average		average			
Serving two years under the current system	1		526	488	488	366	244	122	0	0		
	2	526	507		427		183		0			
Serving under Contract	3		150	150	150	200	268	350	458	458		
	4	150	150		175		309		458			
Total number of enlisted men in the troops	5		676	638	638	566	512	472	458	458		
	6	676	657		602		492		458			
Drafted for six months to training centers	7		0	0	0	34	88	128	142	142		
	8	0	0		17		108		142			
Total number of enlisted men in the armed forces	9		676	638	638	600	600	600	600	600		
	10	676	657		619		600		600			
COWO	11	591	466		353		235		235			
Total number	12	1,267	1,123		972		835		835			

3.3.2. *Initial data for alternative options*

The data presented in Table 19, which were used to study the alternative options, differ from the corresponding data for the reference option only in the amount of the monetary allowance for contract servicemen (row 4). The monetary allowance for a contract serviceman is taken at the level recommended by the results of the VTsIOM survey, which should provide for reliable recruitment of the necessary number of contract servicemen. Relying on the amount of a contract serviceman's monetary allowance used in the previous option (Table 18, row 4) makes it practically impossible to solve the problem of recruiting enlisted men for the AF RF on a contract basis.

3.4. *Calculating additional payments to servicemen discharged from their regular term of service, as well as commissioned officers, warrant officers, and military retirees*

The payments shown in the tables in this section were calculated according to the algorithms that were developed, which reflect the following conceptual premises of the proposed new recruitment system.

(1) Payments to a discharged serviceman should be calculated so as to allow for the fact that the proposed monetary allowance for a contract serviceman is higher than what is presently planned, and taking into account the time that the dischargee has served during the transition to the new recruitment system. j

(2) Additional payments on top of the monetary allowance for officers (warrant officers), and, accordingly, additional payments for military retirees, may have to begin in 2005. The amount of the additional payment that everyone receives should be calculated the same way as in the former case, allowing for the fact that the proposed monetary allowance for a contract serviceman is higher than what is presently planned, but in this case the ratio of the amounts of the proposed monetary allowance for a con-

Table 18

Planned Amounts of Servicemen's Monetary Allowances and Withheld Pay for the Reference Option (average for categories and years; rubles)

Categories of servicemen	Row no.	2001	2002	2003	2004	2005
Monthly living expenses for draftee	1	1,400	1,400	1,400	1,400	1,400
Annual living expenses for draftee	2	16,800	16,800	16,800	16,800	16,800
Monthly living expenses for contract serviceman	3	1,839	1,839	1,839	1,839	1,839
Annual monetary allowance of contract serviceman	4	1,527	1,809	1,988	2,146	2,146
Annual pay and living expenses for contract serviceman	5	40,392	44,776	45,924	47,820	47,820
Monthly living expenses for commissioned officers and warrant officers (COWO)	6	1,839	1,839	1,839	1,839	1,839
Annual monetary allowance of COWO	7	3,519	5,654	7,166	7,640	7,640
Annual pay and living expenses for COWO	8	64,296	89,916	108,060	113,748	113,748

Notes:

(1) The data in row 7 correspond to the "average" serviceman in the category of "Commissioned officers and warrant officers" (in the sense of the average level of pay), which is taken to be a battalion commander.

(2) The amount of withheld pay for COWO is taken as equal to the analogous figure for a contract serviceman.

tract serviceman and a lieutenant, taking into account the additional payment in 2005, should not be below the 2001 level.

3.4.1. Calculating payments to discharged servicemen after they complete two years of service

Calculations of the amount of payments and the calculation algorithm are given in Tables 20, 21, and 22.

Table 19

Amounts of Monetary Allowance and Withheld Pay for Servicemen for Alternative Options (average for categories and years)

Categories of servicemen	Row no.	2001	2002	2003	2004	2005
Monthly living expenses for draftee	1	1,400	1,400	1,400	1,400	1,400
Annual living expenses for draftee	2	16,800	16,800	16,800	16,800	16,800
Monthly living expenses for contract serviceman	3	1,839	1,839	1,839	1,839	1,839
Annual monetary allowance of contract serviceman	4	1,527	2,027	2,527	2,947	3,600
Annual pay and living expenses for contract serviceman	5	40,392	46,392	52,392	57,432	65,268
Monthly living expenses for commissioned officers and warrant officers (COWO)	6	1,839	1,839	1,839	1,839	1,839
Annual monetary allowance of COWO	7	3,519	5,654	7,166	7,640	7,640
Annual pay and living expenses for COWO	8	64,296	89,916	108,060	113,748	113,748

Note: In this case, the “draftee” categories in rows 1 and 2 cover men drafted for two years who are serving out their terms in 2002–4, as well as those drafted for six months.

3.4.2. Calculating additional payments to commissioned officers, warrant officers, and military retirees

Calculations of the amount of payments and the calculation algorithm are given in Tables 23 and 24.

3.5. Calculating total expenses on implementation of the options under consideration

On the example of Option 4, Table 25 summarizes the results of the algorithm for calculating total salary and living expenses for

servicemen in different categories and as a whole. Analogous tables (see Tables 26-28) were used to calculate the other options.

3.6. Calculating indexes used to compare the different options ' financial and economic parameters

To facilitate comparative analysis, Table 29 gives total salary and living expenses for all servicemen figured for all of the options under consideration. The following tables (see Tables 30-34) give the results of calculations of certain relationships used to rank preferences among the options that were considered for a new recruitment system.

4. Overall assessment and substantiation of the recommended program of transition to a new recruitment system

In addition to the financial and economic evaluation set forth above, each option for reforming the recruitment system was also assessed (partly quantitatively and partly qualitatively) with respect to other factors. Such comprehensive assessment of the options not only enabled us to substantiate the choice of the best option among the many possibilities, but also to provide more conclusive evidence in support of this choice in the process of iterative discussion of the various options with representatives of the system of public administration denoted by the abbreviation MDMIS in the methodological section. Agencies in which working conferences took place are the Finance Ministry and the Ministry of Economic Development, the Security Council staff, the staff of the Administrative Department of the Government of the Russian Federation and the General Staff of the Armed Forces. Among the people involved, were the heads of many government agencies and deputies of the State Duma. How the discussions went can be partly seen from written and verbal criticisms of the proposed policy and the responses of the policy's developers (see section 5).

Table 20

Calculation of the Amount of Payments to Discharged Servicemen Beginning in 2002

Description of data	Meas. unit	Row no.	2001	2002		-	2003		2004	2005
				first half	second half		first half	second half		
1	2	3	4	5	6	7	8	9	10	
Monetary allowance for contract serviceman (MA), planned, see Table 18, row 4	rub./mo.	1	1,527	1,809		1,988		2,146	2,146	
MA for contract serviceman, proposed, see Table 19, row 4	rub./mo.	2	1,527	2,027		2,527		2,947	3,600	
Excess of proposed MA over planned, $\sum Y_{2j} - Y_{1j} = 4, \dots, 10$	rub./mo.	3	0	218		539		801	1,454	
Payments to each discharged serviceman per month served in the given year $Y_{4j} = Y_{3j}, j = 6, 8$	rub./mo.	4	0	218		539		0	0	
Number of months in the given year that a discharged serviceman has served in the given half of the year	Mo.	5	0	6	12	6	12	0	0	
Payments to each discharged serviceman in the given half of the year $Y_{6j} = Y_{46} \cdot Y_{5j}, j = 5, 6$ $Y_{6j} = Y_{46} \cdot Y_{56} + Y_{48} \cdot Y_{57}, j = 7, 8$	Rub.	6	0	1,308	2,616	5,850	9,084	0	0	
Number of servicemen discharged during the period, see Table 7, row 3	1,000 men	7	0	132	131	132	131	0	0	
Payments to all discharged servicemen during the period $Y_{8j} = Y_{6j} \cdot Y_{7j}, j = 5, \dots, 8$	mil. rub.	8	0	173	343	772	1,190	0	0	
Payments to all discharged servicemen during the year	mil. rub.	9	0	516		1,962		0	0	

Table 21

Calculation of Amount of Payments to Discharged Servicemen, Beginning in 2003

Description of data	Meas. unit	Row no.	2001	2002	2003		2004		2005
			4	5	first half	second half	first half	second half	10
1	2	3	4	5	6	7	8	9	10
Monetary allowance for contract serviceman (MA), planned, see Table 18, row 4	rub./mo.	1	1,527	1,809	1,988		2,146		2,146
MA for contract serviceman, proposed, see Table 19, row 4	rub./mo.	2	1,527	2,027	2,527		2,947		3,600
Excess of proposed MA over planned, $Y_{3j} = Y_{2j} - Y_{1j}$, $j = 4, \dots, 10$	rub./mo.	3	0	218	539		801		1,454
Payments to each discharged serviceman per month served in the given year $Y_{4j} = Y_{3j}$, $j = 7, 9$	rub./mo.	4	0	0	539		801		0
Number of months in the given year that a discharged serviceman has served in the given half of the year	mo.	5	0	0	6	12	6	12	0
Payments to each discharged serviceman in the given half of the year $Y_{6j} = Y_{4j} \cdot Y_{5j}$, $j = 6, 7$, $Y_{6j} = Y_{4j} \cdot Y_{5j} + Y_{49} \cdot Y_{5j}$, $j = 8, 9$	rub.	6	0	0	3,234	6,468	11,274	16,080	0
Number of servicemen discharged during the period, see Table 7, row 3	1,000 men	7	0	0	115	114	115	114	0
Payments to all discharged servicemen during the period $Y_{8j} = Y_{6j} \cdot Y_{7j}$, $j = 6, \dots, 9$	mil. rub.	8	0	0	372	737	1,297	1,833	0
Payments to all discharged servicemen during the year	mil. rub.	9	0	0	1,109		3,130		0

Table 22

Calculation of Amount of Payments to Discharged Servicemen, Beginning in 2004

Description of data	Meas. unit	Row no.	2002	2003	2004		2005		2006
			4	5	first half	second half	first half	second half	10
1	2	3	4	5	6	7	8	9	10
Monetary allowance for contract serviceman (MA), planned, see Table 18, row 4	rub./mo.	1	1,809	1,988		2,146		2,146	2,146
MA for contract serviceman, proposed, see Table 19, row 4	rub./mo.	2	2,027	2,527		2,947		3,600	3,600
Excess of proposed MA over planned, $Y_{3j} = Y_{2j} - Y_{1j} \quad j = 4, \dots, 10$	rub./mo.	3	218	539		801		1,454	1,454
Payments to each discharged serviceman per month served in the given year $Y_{4j} = Y_{3j} \quad j = 7, 9$	rub./mo.	4	0	0		801		1,454	0
Number of months in the given year that a discharged serviceman has served in the given half of the year	mo.	5	0	0	6	12	6	12	0
Payments to each discharged serviceman in the given half of the year $Y_{6j} = Y_{47} \cdot Y_{5j} \quad j = 6, 7$ $Y_{6j} = Y_{47} \cdot Y_{57} + Y_{49} \cdot Y_{5j} \quad j = 8, 9$	rub.	6	0	0	4,806	9,612	1,8336	27,060	0
Number of servicemen discharged during the period, see Table 9, row 3	1,000 men	7	0	0	98	98	98	98	0
Payments to all discharged servicemen during the period $Y_{8j} = Y_{6j} \cdot Y_{7j} \quad j = 6, \dots, 9$	mil. rub.	8	0	0	471	942	1,797	2,652	0
Payments to all discharged servicemen during the year	mii. rub.	9	0	0	1,413		4,449		0

Table 23

Calculation of Monthly **Additional** Payments to Commissioned Officers, Warrant **Officers**, and Military Retirees, Beginning in 2005

Description of data	Meas. unit	Row no.	2001	2002	2003	2004	2005
1	2	3	4	5	6	7	8
Monetary allowance for contract serviceman (MA), planned, see Table 18, row 4	rub./mo.	1	1,527	1,809	1,988	2,146	2,146
MA for contract serviceman, proposed, see Table 19, row 4	rub./mo.	2	1,527	2,027	2,527	2,947	3,600
Excess of proposed MA over planned, $Y_{3j} = Y_j - Y_{1j}, j = 4, \dots, 8$	rub./mo.	3	0	218	539	801	1,454
Proposed (preliminary) additional payment to commissioned officers and warrant officers (COWO) $Y_{48} = Y_{38}$	rub./mo.	4					1,454
Monetary allowance for lieutenant, planned	rub./mo.	5	2,369	3,689	4,525	4,797	4,797
MA for lieutenant, taking into account proposed (preliminary) additional payment, beginning in 2005 $Y_{6j} = Y_{4j} + Y_{5j}, j = 4, \dots, 8$	rub./mo.	6	2,369	3,689	4,525	4,797	6,251
Ratio of amounts of proposed MA for contract serviceman to MA for lieutenant, beginning in 2005 $Y_{7j} = Y_{3j} / Y_{6j}, j = 4, \dots, 8$		7	0.64	0.55	0.56	0.61	0.58
Required ratio in comparison to row 4 (see paragraph 2 at the beginning of subsection 4.4)		8	0.64	0.55	0.56	0.61	0.64
Revised proposed MA for lieutenant $Y_{9j} = Y_{6j} / Y_{7j}, j = 4, \dots, 8$	mil. rub.	9	2,369	3,689	4,525	4,797	5,625
Total monthly additional payments to COWO $Y_{10j} = Y_{9j} - Y_{5j}, j = 4, \dots, 8$	rub./mo.	10	0	0	0	0	828

Table 24

Calculations of Total Additional Payments to Commissioned Officers, Warrant Officers, and Military **Retirees**, Beginning in 2005

Description of data	Meas. unit	Row no.	First group of options (with IDS-2, without Option 6	Second group of options Option 6	Third group of options, Options with IDS-1
1	2	3	4	5	6
Monthly additional payment to commissioned officers and warrant officers (COWO) (see Table 23, row 10)	rub./mo.	1	828	828	828
Monthly additional payment to MR $Y_{1j} = 0.6 \cdot Y_{1j} j = 4, \dots, 6$	rub./mo.	2	497	497	497
Number of COWO (see Tables 4, 15, and 6, row 6)	1,000 men	3	458	316	235
Additional payments to COWO $Y_{4j} = 12 \cdot Y_{1j} \cdot Y_{3j} j = 4, \dots, 6$	mil rub.	4	4,551	3,140	2,335
Number of MR (initial data)	1,000 men	5	1,200	1,200	1,200
Additional payments to MR $Y_6 = 12 \cdot V_1 \cdot Y_{5j} j = 4, \dots, 6$	mil. rub.	6	7,154	7,154	7,154
Total additional payments to COWO and MR $Y_{7j} = Y_{4j} + Y_{6j} j = 4, \dots, 6$	mil. rub.	7	11,705	10,294	9,48

Table 25

Option 4. Calculation of Total Salary Expenses for Servicemen

		2001	2002	2003	2004	2005	2002- 2005
<i>Numbers</i>							
Drafted for two years under the current system	1,000 men	526	492	401	172	0	
Serving under contract	1,000 men	150	150	157	262	400	
Enlisted men in troops	1,000 men	676	642	558	434	400	
Drafted for six months	1,000 men	0	0	17	108	142	
Enlisted men in armed forces	1,000 men	676	642	575	542	542	
Commissioned officers and warrant officers (COWO)	1,000 men	591	554	506	458	458	
Total number of servicemen	1,000 men	1,267	1,196	1,081	1,000	1,000	
<i>Pay and living expenses</i>							
1 draftee serving for two years or for six months	rub./year	16,800	16,800	16,800	16,800	16,800	
1 contract serviceman (living expenses)	rub./mo.	1,839	1,839	1,839	1,839	1,839	
MA for 1 contract serviceman.	rub./mo.	1,527	2,027	2,527	2,947	3,600	
Pay and living expenses for 1 contract serviceman	rub./mo.	3,366	3,866	4,366	4,786	5,439	

Pay and living expenses for 1 contract serviceman	rub./year	40,392	46,392	52,392	57,432	65,268	
1 COWO (living expenses)	rub./mo.	1,839	1,839	1,839	1,839	1,839	
MA for 1 COWO (combat)	rub./mo.	3,519	5,654	7,166	7,640	7,640	
Pay and living expenses for 1 COWO	rub./year	64,296	89,916	108,060	113,748	113,748	
<i>Total expenses</i>							
For draftees under the current system	mil. rub.	8,837	8,266	6,737	2,890	0	17,893
For draftees serving six months	mil. rub.	0	0	286	1,814	2,386	4,486
For contract servicemen	mil. rub.	6,059	6,959	8,226	15,047	26,107	56,339
Total expenses for enlisted men (TE1)	mil. rub.	14,896	15,225	15,249	19,751	28,493	78,718
Payments to discharged servicemen	mil. rub.	0	0	1,109	3,130	0	4,239
Total expenses TE1 + payments to discharged servicemen (TE2)	mil. rub.	14,896	15,225	16,358	22,881	28,493	82,957
Additional payments to COWO and MR beginning in 2005	mil. rub.	0	0	0	0	11,705	11,705
Total expenses TE2 + additional payments to COWO and MR (TE3)	mil. rub.	14,896	15,225	16,358	22,881	40,198	94,662
For COWO without additional payments	mil. rub.	37,999	49,813	54,678	52,097	52,097	208,685
For COWO with additional payments	mil. rub.	37,999	49,813	54,678	52,097	63,802	220,390
Total expenses for all servicemen (TE4) (TE3 + COWO and MR without additional payments)	mil. rub.	52,895	65,038	71,036	74,978	92,295	303,347

Table 26

Total Salary Expenses for Servicemen for Options 1, 2, 3, and 4 (million rubles)

	2001	2002	2003	2004	2005	2002- 2005
Option 1						
Drafted for two years under the current system	8,837	8,266	7,140	6,586	6,586	28,578
Servicing under contract	6,059	6,566	6,889	7,173	7,173	27,801
Total expenses for enlisted men (TE0)	14,896	14,832	14,029	13,759	13,759	56,379
Commissioned officers and warrant officers	37,999	49,813	54,678	52,097	52,097	208,685
Total expenses for all servicemen (TE00)	52,895	64,645	68,707	65,856	65,856	265,064
Option 2						
Drafted for two years under the current system	8,837	8,266	6,737	2,890	0	17,893
Servicing under contract	6,059	6,959	9,116	21,250	35,375	72,700
Total expenses for enlisted men (TE1)	14,896	15,225	15,853	24,140	35,375	90,593
Payments to discharged servicemen	0	0	1,109	3,130	0	4,249
Total expenses including payments to discharged servicemen (TE2)	14,896	15,225	16,962	27,270	35,375	94,832
Additional payments to commissioned officers and warrant officers (COWO)	0	0	0	0	11,705	11,705
Total expenses including payments to COWO (TE3)	14,896	15,225	16,962	27,270	47,080	106,537
For COWO without additional payments	37,999	49,813	54,678	52,097	52,097	208,685
For COWO including additional payments -	37,999 --	49,813	- 54,678 --	52,097	63,802	220,390
Total expenses for all servicemen (TE4)	52,895	65,038	71,640	79,367	99,177	315,222

Option 3

For men drafted under the current system	8,837	7,728	3,310	0	0	11,038
For men drafted for six months	0	286	1,814	2,386	2,386	6,872
For contract servicemen	6,059	7,655	14,146	22,973	26,107	70,881
Total expenses for enlisted men (TE1)	14,896	15,669	19,270	25,359	28,493	88,791
Payments to discharged servicemen	0	516	1,962	0	0	2,478
Total expenses (TE2)	14,896	16,185	21,232	25,359	28,493	91,269
Additional payments to COWO and retirees	0	0	0	0	11,705	11,705
Total expenses (TE3)	14,896	16,185	21,232	25,359	40,198	102,974
For COWO without additional payments	37,999	49,813	54,678	52,097	52,097	208,685
For COWO including additional payments	37,999	49,813	54,678	52,097	63,802	220,390
Total expenses for all servicemen (TE4)	52,895	65,998	75,910	77,456	92,295	411,659

Option 4

Drafted for two years under the current system	8,837	8,266	6,737	2,890	0	17,893
Drafted for six months	0	0	286	1,814	2,386	4,486
Serving under contract	6,059	6,959	8,226	15,047	26,107	56,339
Total expenses for enlisted men (TE1)	14,896	15,225	15,249	19,751	28,493	78,718
Payments to discharged servicemen	0	0	1,109	3,130	0	4,239
Total expenses including payments to discharged servicemen (TE2)	14,896	15,225	16,358	22,881	28,493	82,957
Additional payments to COWO	0	0	0	0	11,705	11,705
Total expenses including additional payments to COWO (TE3)	14,896	15,225	16,358	22,881	40,198	94,662
For COWO without additional payments	37,999	49,813	54,678	52,097	52,097	208,685
For COWO including additional payments	37,999	49,813	54,678	52,097	63,802	220,390
Total expenses for all servicemen (TE4)	52,895	65,038	71,036	= 74,978	92,295	303,347

Table 27

Total Salary Expenses for Servicemen for Option 5 (million rubles)

	2001	2002	2003	2004	2005	2006	2002- 2006
Option 5							
For men drafted years under the current system	8,837	8,266	7,140	5,762	2,470	0	23,638
For men drafted for six months	0	0	0	286	1,814	2,386	4,486
For contract servicemen	6,059	6,959	7,859	10,453	18,732	26,107	70,110
Total expenses for enlisted men (TE1)	14,896	15,225	14,999	16,501	23,016	28,493	98,234
Payments to discharged servicemen	0	0	0	1,413	4,449	0	5,862
Total expenses (TE2)	14,896	15,225	14,999	17,914	27,465	28,493	10,4096
Additional payments to commissioned officers and warrant officers (COWO) and retirees	0	0	0	0	11,705	11,705	23,410
Total expenses (TE3)	14,896	15,225	14,999	17,914	39,170	40,198	127,506
For COWO without additional payments	37,999	49,813	54,678	52,097	52,097	52,097	260,782
For COWO including additional payments	37,999	49,813	54,678	52,097	63,802	63,802	284,192
Total expenses for all servicemen (TE4)	52,895	65,038	69,677	70,011	91,267	92,295	388,288

The results of considering the set of options, most of which were presented in the previous section, allowed us to draw some conclusions, and also to seek the best solution according to the implicit optimization procedure.

First of all, as a result of the analysis it became clear that switching to an exclusively contract system for staffing the RF military is unreasonable. It would be considerably better to keep a mixed recruitment system, provided that it is radically modified to preserve conscription for a shorter term and change the purpose of draft service to make it just for training of a military reserve, while the regular troops (forces) will be manned on a contract basis from among the militarily trained and recommended reservists. Three documents were signed on this subject:

1. a joint resolution of authorized specialists representing a number of offices of the Defense Ministry (the Organizational and Mobilization Headquarters of the General Staff, the Main Office of Military Budget and Financing and the Office of Military Economic Analysis and Expert Review), twenty-seven central scientific research institutes of the Defense Ministry, and also the RF Academy of Military Sciences and the Institute for Economic Transition;
2. a joint statement of the united political council of the Yabloko and SPS factions in the State Duma, which initiated consideration of this issue;
3. a resolution of the meeting held on December 7, 2001, in the RF government.

The agreed-upon wordings are set forth in detail in the appendixes.

Second, it was found that everyone agrees that the problem of staffing the military is not only a nationwide government problem but also a nationwide public issue, that it must be resolved at the federal level as an interdepartmental problem with the indispensable participation of representatives of public organizations, and that the program for implementing the necessary measures must be given federal status.

At the same time, in the course of discussions with representatives of the General Staff, it became clear that there were significant differences of opinion in understanding the urgency of the problem

Table 28

Total Salary Expenses for Servicemen for Options 6-1, 2-1, and 4-1 (million rubles)

	2001	2002	2003	2004	2005	2002- 2005
Option 6						
Drafted years for two years under the current system	8,837	8,266	6,737	2,890	0	17,893
Drafted for six months	0	0	286	1,814	2,386	4,486
Serving under contract	6,059	6,959	9,116	21,250	35,375	72,700
Total expenses for enlisted men (TE1)	14,896	15,225	16,139	25,954	37,761	95,079
Payments to discharged servicemen	0	0	1,109	3,130	0	4,239
Total expenses including payments to discharged servicemen (TE2)	14,896	15,225	17,248	29,084	37,761	99,318
Additional payments to commissioned officers and warrant officers (COWO)	0	0	0	0	10,294	10,294
Total expenses including payments to COWO (TE3)	14,896	15,225	17,248	29,084	48,055	109,612
For COWO without additional payments	37,999	49,813	52,841	39,812	35,944	178,410
For COWO including additional payments	37,999	49,813	52,841	39,812	46,238	188,704
Total expenses for all servicemen (TE4)	52,895	65,038	70,089	68,896	83,999	288,022
Option 1-1						
For men drafted years under the current system	8,837	8,518	7,879	7,560	7,560	31,517
For contract servicemen	6,059	6,566	6,889	7,173	7,173	27,801
Total expenses for enlisted men (TEO)	14,896	15,084	14,768	14,733	14,733	59,318
For COWO	37,999	41,901	38,145	26,731	26,731	133,508
Total expenses for all servicemen (TEOO)	52,895	56,985	52,913	41,464	41,464	192,826

Option 2-1						
For men drafted years under the current system	8,837	8,518	7,173	3,074	0	18,766
For men drafted for six months	0	0	0	0	0	0
For contract servicemen	6,059	6,959	10,059	23,949	39,161	80,128
Total expenses for enlisted men (TE1)	14,896	15,477	17,233	27,023	39,161	98,894
Payments to discharged servicemen	0	0	1,184	3,337	0	4,521
Total expenses (TE2)	14,896	15,477	18,417	30,360	39,161	103,415
Additional payments to COWO	0	0	0	0	9,489	9,489
Total expenses (TE3)	14,896	15,477	18,417	30,360	48,650	112,904
For COWO without additional payments	37,999	41,901	38,145	26,731	26,731	133,508
For COWO including additional payments	37,999	41,901	38,145	26,731	36,220	142,997
Total expenses for all servicemen (TE4)	52,895	57,378	56,562	57,091	75,381	246,412
Option 4-1						
For men drafted years under the current system	8,837	8,518	7,174	3,074	0	18,766
For men drafted for six months	0	0	286	1,814	2,386	4,486
For contract servicemen	6,059	6,959	9,169	17,746	29,893	63,767
Total expenses for enlisted men (TE1)	14,896	15,477	16,629	22,634	32,279	87,019
Payments to discharged servicemen	0	0	1,184	3,337	0	4,521
Total expenses (TE2)	14,896	15,477	17,813	25,971	32,279	91,540
Additional payments to COWO and retirees beginning in 2005	0	0	0	0	9,489	9,489
Total expenses (TE3)	14,896	15,477	17,813	25,971	41,768	101,029
For COWO without additional payments	37,999	41,901	38,145	26,731	26,731	133,508
For COWO including additional payments	37,999	41,901	38,145	26,731	36,220	142,997
Total expenses for all servicemen (TE4) *	52,895	-- 57,378	55,958	-- 52,702	68,499	234,537

Table 29

Total Salary Expenses for All Servicemen (million rubles)

Option no	2001	2002	2003	2004	2005	2006	2002-2006
1	52,895	64,645	68,707	65,856	65,856	65,856	330,920
2	52,895	65,038	71,640	79,367	99,177	99,177	414,399
3	52,895	65,998	75,910	77,456	92,295	92,295	403,954
4	52,895	65,038	71,036	74,978	92,295	92,295	395,642
5	52,895	65,038	69,677	70,011	91,267	92,295	388,288
6	52,895	65,038	70,089	68,896	83,999	83,999	372,021
11	52,895	57,666	54,516	43,264	43,264	43,264	241,974
21	52,895	57,378	56,562	57,091	75,381	75,381	321,793
41	52,895	57,378	55,958	52,702	68,499	68,499	303,036

Table 30

Increase in Total Salary Expenses for All Servicemen in Comparison to 2001 (million rubles)

Option no.	2001	2002	2003	2004	2005	2006	2002-2006
1	0	11,750	15,812	12,961	12,961	12,961	66,445
2	0	12,143	18,745	26,472	46,282	46,282	149,924
3	0	13,103	23,015	24,561	39,400	39,400	139,479
4	0	12,143	18,141	22,083	39,400	39,400	131,167
5	0	12,143	16,782	17,116	38,372	39,400	123,813
6	0	12,143	17,194	16,001	31,104	31,104	107,546
11	0	4,771	1,621	-9,631	-9,631	-9,631	-22,501
21	0	4,483	3,667	4,196	22,486	22,486	57,318
41	0	4,383	3,063	-193	15,604	15,604	38,561

Table 31

Excess of Total Expenses over Total Expenses of Options (million rubles)

Option no.	2002	2003	2004	2005	2006	2002-2006
2	393	2,933	13,511	33,321	33,321	83,479
3	1,353	7,203	11,600	26,439	26,439	73,034
4	393	2,329	9,122	26,439	26,439	64,722
5	393	970	4,155	25,411	26,439	57,368
6	393	1,382	3,040	18,143	18,143	41,101
11	-6,979	-14,191	-22,592	-22,592	-22,592	-88,946
21	-7,267	-12,145	-8,765	9,525	9,525	-9,127
41	-7,267	-12,749	-13,154	2,643	2,643	-27,884

Table 32

Ratio of Increase in Total **Expenses** to Total Expenses of Options (%)

Option no.	2002	2003	2004	2005	2006	2002-2006
2	0.6	4.3	20.5	50.6	50.6	25.2
3	2.1	10.5	17.6	40.1	40.1	22.1
4	0.6	3.4	13.9	40.1	40.1	19.6
5	0.6	1.4	6.3	38.6	40.1	17.3
6	0.6	2.0	4.6	27.5	27.5	12.4
11	-10.8	-20.7	-34.3	-34.3	-34.3	-26.9
21	-11.2	-17.7	-13.3	14.5	14.5	-2.8
41	-11.2	-18.6	-20.0	4.0	4.0	-8.4

Table 33

Ratio of Increase in Total Expenses to Total Level of National Defense Expenditures (%)

Option no.	2002	2003	2004	2005	2006	2002-2006
2	0.2	1.4	6.3	15.5	15.5	7.8
3	0.6	3.4	5.4	12.3	12.3	6.8
4	0.2	1.1	4.2	12.3	12.3	6.0
5	0.2	0.5	1.9	11.8	12.3	5.3
6	0.2	0.6	1.4	8.4	8.4	3.8
11	-3.2	-6.6	-10.5	-10.5	-10.5	-8.3
21	-3.4	-5.7	-4.1	4.4	4.4	-0.8
41	-3.4	-5.9	-6.1	1.2	1.2	-2.6

Total level of national defense expenditures 214,788 million rubles.

Table 34

Ratio of Increase in Total Expenses to Total Level of Expenditures on the Armed Forces of the Russian Federation (%)

Option no.	2002	2003	2004	2005	2006	2002-2006
2	0.3	2.2	10.2	25.1	25.1	12.6
3	1.0	5.4	8.7	19.9	19.9	11.0
4	0.3	1.8	6.9	19.9	19.9	9.8
5	0.3	0.7	3.1	19.2	19.9	8.6
6	0.3	1.0	2.3	13.7	13.7	6.2
11	-5.3	-10.7	-17.0	-17.0	-17.0	-13.4
21	-5.5	-9.2	-6.6	7.2	7.2	-1.4
41	-5.5	-9.6	-9.9	2.0	2.0	-4.2

Level of salary expenditures for the armed forces of the Russian Federation 132,691 million rubles.

under consideration, which criteria should be given priority, and, accordingly, in determining the timing for practical resolution of this problem. Some differences of opinion also came up in estimating the expenditures that will be required.

As it turned out, the idea of immediate measures and the content of possible actions (or inactions) in 2002-5 on the problem of military staffing is particularly controversial. Should the first option, which the Organizational and Mobilization Headquarters of the General Staff still supports, be taken as the basic one, leaving the current draft system unchanged until 2006 and putting off resolution of the problem for the indefinite future? Or should primary attention be given to the social problems facing servicemen, taking the option that we suggest as the basic one, so that the problem can be resolved in the next few years?

We will move on to a detailed characterization of the options for military staffing.

4.1. Overall assessment of the reference option

The reference option calls for reducing the size of the Armed Forces of the Russian Federation without changing the recruitment system in the period up until 2006. Trends in the numbers of servicemen in this option are presented in Table 5; and trends in salaries and living expenses for servicemen, in summary Table 25.

(C1) The military capabilities of the AF RF will diminish as a result of the reduction in numbers that will occur, without any offsetting improvement in the quality of draftees. There is no hope that the State Duma will revoke the current deferments and exemptions. The number of young men of draft age will soon begin to drop, while the level of youth crime and parental neglect is not decreasing. All of this may affect discipline and order among the troops to an even greater degree. The expected increase in the monetary allowance for contract enlisted men is extremely small (see item 3 below), which does not permit us to count on maintaining the numbers of contract servicemen, as is assumed in the calculations, much less an increase in these numbers. As a result, the combat effectiveness of the troops (forces) will diminish.

(C2) The socioeconomic tension in society will grow because of the factors indicated in item 1, and negative attitudes toward service, which are presently typical of young people, will spread

to older citizens. People who have served in the army over the past ten years and experienced for themselves the degradation of the military will convey negative attitudes to the younger generation, as well as to the authorities and public organizations. And the basis for *dedovshchina*, which is that drafted servicemen with different terms of induction serve at the same time, will be preserved within the military itself,

(C3) Conclusions from the results of military economic analysis of the reference option as a whole are also negative:

(C3.1) The additional money that the government plans to spend on increasing the monetary allowance, which, as we know, is more than 200 billion rubles over four years, will only go part of the way toward solving the very acute socioeconomic problems of servicemen, mainly officers.

(C3.2) Altogether, the annual additional spending on the enlisted men and sergeants (master sergeants) serving under contract comes to about 2 percent of the total additional spending on increasing the monetary allowance of all servicemen. At the same time, the gap in the monetary allowance for contract servicemen and noncommissioned officers increases sharply.

(C3.3) In spite of the rise in servicemen's monetary allowance, for enlisted men serving under contract, military incomes remain significantly below average in the RF. And that is exactly what a young man deciding whether or not to enter contract service will compare his prospects to. As a point of reference, we will note that the average pay is now 3,500 rubles per month. Comparing this amount with the proposed payments shown in Table 18, and comparing the living conditions and degree of risk, we should not count on a significant increase in the number of contract servicemen.

(C4) The mobilization resource will be maintained, but will decline in quality because soldiers who have served out their terms unwillingly without learning anything during their service will leave to join the reserve.

(C5) The growth of socioeconomic tensions in society will be negatively reflected in the next elections in the electorate's atti-

tude regarding people who have not taken any real steps toward reforming the Russian army.

(C6) In these conditions, extremists may gain undesirable political influence.

(C7) Confusion about the term of service will only exacerbate the effect of the negative factors listed above.

Brief characteristics of the option opposite to the reference one. The change in numbers of servicemen according to this option is shown in Table 11 (Option 2), and the financial and economic indexes are given in summary Table 25. This option undoubtedly helps to improve the combat capabilities of the Armed Forces and reduce sociopolitical tension. It may strengthen the electorate's support for democratic forces, and it facilitates the completion of the reform process in the shortest time frame. It has two negative points: a gradual reduction in the militarily trained reserve and considerable expenses over an extremely short time.

The Yabloko party's specialists are correct in saying that there is another way to solve the problem of maintaining a militarily trained reserve. The experience of the United States and some other countries is known. But the problem is that these are expensive methods that will require a lot of money.

4.2. Brief analysis of the set of compromise options

Many compromise options were considered between the first two. In this article, it makes no sense to dwell upon the whole set of options that we analyzed, so we will just state the following premises.

(a) Regardless of the initial data that we used on the numbers of servicemen, level of monetary allowance, and time frame for transforming the recruitment system, the option of mixed recruitment with preservation of the draft for a significantly shorter term of service is economically preferable to the option of completely abolishing the draft and staffing the RF military exclusively with contract servicemen.

(b) The economically expedient period for the transition to the new recruitment system is two years (the term of service of previously drafted servicemen), regardless of when the transformations begin. This is also the basis for specifying that those whose conscientious service will contribute to carrying out the reform be rewarded.

The following subsection gives characteristics of the best option, number 4 in the previous section, which hereinafter in the text is called the proposed option.

4.3. Overall assessment of the proposed option

The dynamics of change in the numbers of servicemen is given in Table 13; and the financial and economic evaluation, in Table 25. Many other options, such as 3, 5, and 6 (see Table 4 and others corresponding to these options) demonstrate what happens when the conditions of the reform characteristic of option 4 and the ways of implementing it are varied.

It makes sense to explain certain details of the proposed option as comments on Table 13. In particular, the following points need to be made in the explanations.

1. The increase in the number of contract servicemen by 15,000 in the second half of 2003 is expected to be accomplished with the most worthy servicemen who will complete their two-year service in the first half of the year (their recruitment on the new proposed terms should be done partly at their place of service) and those who have previously served out their term (they should be recruited by military recruitment offices).

2. The subsequent increase in the number of contract servicemen by 60,000 in the first half of 2004 will result from three sources of replacement: (a) men who have served out the two years of their regular term in 2003, (b) men trained and recommended by reserve training centers by the end of 2003 and (c) men who have previously served in the AF RE

3. The analogous three sources of replacement should be used

in the second half of 2004, so that the staffing of the Armed Forces with 400,000 contract servicemen will be completed by the beginning of 2005. By that time, all of the reserve training centers should reach their full design capacity. After 2005, the main source of replacement of the regular troops and naval forces with contract servicemen will be the reserve training centers.

We will go over the criterion indexes characteristic of this option.

(C1) The combat capabilities of the regular troops (forces) will undoubtedly improve in comparison to the first option, primarily because they will be made up of contract servicemen only, serving for at least three years. We can expect that the term of service of the greater part of the enlisted men will average approximately six years (such is the established practice of extending contracts). If the preparatory training is set up properly, a contingent of highly skilled specialists will be formed in the normal conditions of their subsequent service. After three three-year terms of service, with a good recommendation, some of them will go through an additional training course and move into the category of military professionals who have made the military their career. The servicemen's attitude toward the weapons and military equipment entrusted to them will also change for the better, and their safety in handling it will rise.

(C2) Sociopolitical tensions will undoubtedly decline as a result of reducing the term of service to the minimum necessary for initial training (six to eight months). Such service will fulfill the constitutional obligation of citizens to be ready to defend the Fatherland.

The servicemen who return to civilian life after being in contract service will also help to reduce social tensions, if they are provided with an opportunity to accumulate a certain amount of targeted money during their service and receive certain benefits for getting an education or credit toward obtaining housing. The proposed additional payments to servicemen discharged after serving out their two-year term should also play a positive social role during the reform period.

(C3) This option requires fewer expenditures than the second option, even taking the additional payments into account, without being too burdensome for the Russian economy. Moreover, although most of the measures to change the recruitment system should be carried out after 2002, this option plans for additional payments to contract servicemen starting in 2002. This does not require large expenditures, but it will show that military reform is real and attract young men into the ranks of contract servicemen.

We will note that in order to build up the number of contract servicemen in the AF RF to 400,000, that is, by another 250,000 (with two people competing for each opening) the monetary allowance will have to be 3,200 rubles/month. But in order to also staff the other troops with contract servicemen, the number of recruits and hence the amount of payments will have to be increased in the future. Therefore, we suggest raising the monetary allowance for contract servicemen to 3,600 rubles/month, in 2001 prices. We will point out that in May 2001, when experts from VTsIOM conducted their public survey, the average wages in the RF, according to Goskomstat's data, were 3,054 rubles, that is, the ratio of the sufficient level of payments to a contract serviceman to the average wage was 1.18. This value can be taken as the standard. Analogous levels of the relationships between the monetary allowance and wages are used in other countries.

The data presented in the previous section on the planned amount of the monetary allowance for a lieutenant (platoon leader) indicate that the proposed increase in the monetary allowance for a rank-and-file enlisted man is acceptable. On the other hand, it is advisable not to disrupt the established proportions in pay for military labor, which is why the monetary allowance for officers is increased somewhat in our calculations in 2005 (by 828 rubles/month), which will make it possible to return to the ratio of monetary allowances shown in Table 23 for 2001 (0.64). But this proposal most likely will not have to be adopted, because there is currently a draft law in the final stage of consideration that calls for a more significant raise in the monetary allowance for officers. The draft law was submit-

ted by the RF president and was supported by the State Duma on the first reading.

In our opinion, it is exceptionally important that, when new contracts are signed and those signed previously are adjusted, the government's obligation to stick to the schedule for raising the monetary allowance in 2003-5 be stipulated in legally binding terms.

The initial data given above and the proposals that were formulated enabled us to perform the financial and economic calculations whose results were presented in the previous section. They estimate the expenses of carrying out the proposed option for changing the numbers of servicemen in accordance with the government's plans for raising the monetary allowances for servicemen and the proposed additional payments to servicemen. The special importance of these calculations compels us to set them apart in a separate table (Table 35).

Table 36 shows the differences in expenses between the proposed and reference options, which we call the costs of changing the recruitment system (E_{crs}).

Can the expenses given above be considered acceptable? The answer to this question depends on what they are compared to.

It seems logical to compare them to the total national defense expenditures, for example, in 2001 (E_{nd} - 214,788 million rubles), to the salaries and living expenses for the AF RF, also in 2001 ($E_r = 132,691$ million rubles) and to the total amount of the increase in the monetary allowance already planned by the RF government, which is given in the top row of Table 36 (as of October 20, 2001).

From such a comparison, it follows that the expenses for changing the recruitment system can be seen as acceptable. Until 2005, these expenses are offset by the expected increase in funds traditionally allocated for the military's salary and living expenses, which, in turn, depends on the growth of GDP and the corresponding growth of total federal budget expenditures.

As for expenses in 2005, the largest part of them is made up of additional payments to commissioned officers, warrant officers,

Table 35

Financial and Economic Evaluation of the Proposed Option for Reforming the Recruiting System for the Armed Forces of the Russian Federation (million rubles)

Salaries and living expenses	2001	2002	2003	2004	2005	Expenses in 2002-2005
For men drafted under the current system	8,837	8,266	6,737	2,890	0	17,893
For men drafted for six months	0	0	286	1,814	2,386	4,486
For men serving under contract	6,059	6,959	8,226	15,047	26,107	56,339
Total expenses (TE1)	14,896	15,225	15,249	19,751	28,493	78,718
Proposed payments to those discharged after two years of service under the draft	0	0	1,109	3,130	0	4,239
Total expenses (TE2)	14,896	15,225	16,358	22,881	28,493	82,957
Proposed additional payments to commissioned officers, warrant officers and military retirees	0	0	0	0	11,705	11,705
Total expenses (TE3) including payments to those discharged after two years of service under the draft, commissioned officers, warrant officers and military retirees	14,896	15,225	16,358	22,881	40,198	94,662

Table 36

Costs of Changing the Recruitment System (million rubles)

Salaries and living expenses	2001	2002	2003	2004	2005	Expenses in 2002-2005
Additional expenses planned by the government for increasing the monetary allowance for all servicemen	0	23,600.0	50,200.0	62,600.0	62,600.0	199,000
Expenses for the proposed change in the recruiting system ($E_{crs1} = TE1 - TEO$)	0	393.0	1,220.0	5,992.0	14,734.0	22,339
Ratio of E_{crs1} to national defense expenditures, salaries and living expenses for the Armed Forces and the increase in the monetary allowance, %	0	0.2 0.3 1.7	0.6 0.9 2.4	2.8 4.5 9.6	6.9 11.1 24.0	—
Expenses for the proposed change in the recruiting system ($E_{crs2} = TE2 - TEO$)	0	393.0	2,329.0	9,122.0	14,734.0	26,578
Ratio of E_{crs2} to national defense expenditures, salaries and living expenses for the Armed Forces and the increase in the monetary allowance, %	0	0.2 0.3 1.7	1.1 1.8 4.6	4.1 6.6 14.0	6.9 11.1 24.0	—
Expenses for the proposed change in the recruiting system ($E_{crs3} = TE3 - TEO$)	0	393.0	2,329.0	9,122.0	26,439.0	38,283
Ratio of E_{crs3} to national defense expenditures, salaries and living expenses for the Armed Forces and the increase in the monetary allowance, %	0	0.2 0.3 1.7	1.1 1.8 4.6	4.1 6.6 14.0	12.3 20.0 42.0	—

and military retirees. However, as we already noted, in 2005 it is planned to bring the monetary allowance for servicemen up to the salary level for government employees and even to surpass it. In that case, the increase in the monetary allowance for commissioned officers and warrant officers, as well as military retirees, would most likely exceed the amount that we recommend, that is, additional payments in connection with the change in the recruitment system will not be needed for these categories.

Thus, we can only talk about additional expenses during the period of direct transformations of the recruitment system, that is, from 2002 through 2004. Altogether for these three years, they will amount to 11,473 million rubles, averaging no more than 2 percent of the annual national defense expenditures each year.

Although increases in the monetary allowance for servicemen currently planned by the government reflect the need to solve their socioeconomic problems, our proposal is aimed at a comprehensive solution of military, social and other problems connected with staffing the military.

(C4) The issue of mobilization capacity is resolved in the same way as in option 1, but with a higher level of military training of the reserve, since all servicemen, without exception, will pass through the training centers, instead of just some of them. The current capacity of military training units (on the order of 60,000 men) is sufficient to begin deployment of the new recruitment system. Since reserve training and service in the regular troops are separate, the network of reserve training centers can be built up under separate plans. The demographic drop-offs in the numbers of draftees will cease to be a threat to the military's combat readiness.

(C5) The data from VTsIOM's survey indirectly indicate that the voters support elected representatives who are in favor of switching to a new system for staffing the military. The reverberations of discussion in the mass media also lead to the same conclusion.

(C6) In principle, the proposed system should not provoke outspoken political opposition (except from extremists), since it is a

compromise plan: contract service becomes the basis of the military, and the draft is preserved at the same time. There will be a meaningful purpose to alternative civilian service, and, what is most important, it will cease to be a loophole for evading the fulfillment of a citizen's constitutional duty.

(C7) As the experience of discussing and coordinating the proposed policy has shown, the question of timing for reforming the recruitment system has become the most important decision criterion.

4.4. Time frame for reforming the recruitment system

The discussion of timing should begin not with economic but with organizational aspects, since all parties to this debate now acknowledge the importance of careful preparation for reform. However, it is strange, to say the least, to talk about the novelty of this problem. A specially created Office of Military Reform has been operating in the Defense Ministry since 1992. Quite a few studies have been done by research organizations at the request of law-enforcement and defense agencies, as well as by the scientific community, in particular by the RF Academy of Military Sciences. The former RF president set the objective of transition to recruitment on a contract principle at the beginning of the 1990s, and the timing of the transition was established by a decree in the mid-1990s. The deadline that was set has passed, and it is reasonable to ask how the time and money were spent. Where are the studies that were done? Why was no effective solution to this problem found?

In the responses to our proposals a period of transition to contract recruitment lasting more than ten years was mentioned, but there were no quantitative estimates of exactly what preparations should be made and how long this would take.

Experience with the legislative framework shows that matters can be expedited, and no more than half a year is needed to adopt high-priority laws (or amendments to existing laws). The reform

process can begin within the framework of existing laws. To draft or not to draft young men for military service is a question for the RF president. He is quite capable of announcing the beginning of reform and ending the draft for two-year active duty at any time, as soon as preparations are made for the transition to a new recruitment system.

If the process is not dragged out, even the first half of 2002 could be used to prepare for the transition to a new recruitment system by:

- developing the legislative framework
- revising the structure of the military
- expanding the network of military training units and creating new reserve training centers. I

The relationship between the timing and funding of the transformations is a special question. As follows from the calculations cited above, the expenses for changing the recruitment system will increase gradually. They fit within the existing budget classification system: part of these expenses should be included in the "Development and maintenance of the Armed Forces" subsection of the "National Defense" section, and part in the "Military reform expenses" section. The budget recipients are traditional ones. From a financial point of view, there is no need to develop a special federal targeted program (although this may be needed for solving organizational problems).

Arguments for putting off reform to a later date (after the regulatory framework and a federal targeted program have been developed) have no substantive basis. Those who insist on conducting an experiment to test the concept on a scale of one division, which the General Staff estimates will cost approximately 500 million rubles, are contradicting themselves. If all of the expenses for one division can be funded within the framework of the existing budget classification system, without a separately funded program, then why can this not be done for all divisions? Nor can these arguments be based, for example, on attempts to change the proportions of military expenditures in favor of equipping the Armed

Forces with weapons and military equipment. It is certainly necessary to equip the Armed forces with modern weapons. But such weapons should not be put into the hands of people who have no professional interest in learning how to maintain and use them properly. According to force-development plans, intensive rearmament of the Armed Forces will begin after 2005. So that is precisely when the reform of the recruitment system, as a result of which the regular troops and naval forces will be manned exclusively with contract servicemen who will then become professionals, should be completed.

Another issue connected with timing deserves attention: can the recruitment system be changed not in two years, but over a longer period? It turns out that such an extension is inadvisable, and not just according to economic indicators. It is legally unacceptable to stretch out the reform period for more than two years. There cannot be two categories of draftees at the same time: men drafted for two years and for six months.

Doubts about whether contract service will be sufficiently attractive financially are refuted not only by IEPP estimates and VTsIOM data, but also by the recent experience of the RF Ministry of Justice. Since the Main Office of the Penal System was transferred from the Interior Ministry to the Ministry of Justice on January 1, 1999, there has been a complete switch to recruiting all of the penal system's employees on a contract principle. Since that time, convoy functions have been performed by some 15,000 penal system employees under contract, with an average salary of just 1,500 rubles per month. The heads of the penal system plan to raise the salary by 1.5-2 times in order to prevent the loss of personnel, and they are confident that this amount of pay will be sufficient.

In conclusion, we will point out that the opportunity to convert the RF military to a professional basis by 2004–5 is unique, for the following reasons:

1. the expansion of the Russian economy has begun and the government's military-economic capabilities are also growing;
2. the socioeconomic situation is such that service under con-

tract is economically attractive to young men, even with a gradual increase in the monetary allowance and minimal levels of satisfaction of everyday needs,

4.5. Comparison of unformalized aspects of various recruitment options

While the data presented above to support the transition to a new recruitment system fit within a formalized methodological approach, the real problem is more complex than any formalization can be. Therefore, some additional material supplementing the basic supporting data is given below.

4.5.1. Diversion of military personnel to guarding and maintaining reserve military equipment and material

This function has to be performed in all of the reform options. Entrusting it to professional soldiers only is inexpedient. In this sense, the second option discussed above is the least efficient. If the draft and then the training process and the service of men drafted for six to eight months are properly organized, this problem can be solved with minimal diversion of professional soldiers from the regular troops (forces). This is especially true of military specialists for whom the training period is known to be less than six months. After two to three months of training and taking an oath, they could guard and maintain storage depots. They could be motivated by giving them a document certifying their readiness to do this kind of work in the civilian sector.

4.5.2. Adaptivity to changes in the external and internal situation

The presence of two groups of militarily trained reserve:

(a) commissioned officers—from students who have graduated from institutions of higher education that have a military department; and

(b) enlisted men—from those who have been trained at reserve training centers will make it possible, if necessary, to man combat-ready units during a time of mobilization, by judiciously integrating basic, highly professional and reserve components in them.

In peacetime, the presence of a significant militarily trained reserve will make it possible to respond flexibly to technological changes in military threats and the need for counterterrorist actions by competitive selection for contract service of specialists who have skills that are actually needed.

In this sense, the proposed option, which calls for expanding the network for military training of specialists, is the preferred one.

At the same time, in the regular troops it will become natural to have servicemen of different ages serving and resolving military problems together, including a situation in which the leader is younger than his subordinates. As the experience of wars shows, these habits are needed during a time of mobilization and reconfiguration of troops in wartime.

4.5.3. *Organizational aspects*

Staffing regular troops with men serving under contract only from among the existing reserve and men who will have performed their military service under the draft before the end of 2003 should be done in accordance with three coordinated plans: reducing the size of the military, gradually reducing the number of men drafted, and gradually building up the network of reserve training centers and the number of men who are trained and serve in them. ¶

In order to carry out the proposed staffing policy, it is important that the process not start from scratch. The question of transition to a voluntary principle of recruitment has been raised repeatedly. There are military training units already functioning; all that has to be done is to increase their numbers and capacity. Special attention needs to be given to organizing the guarding of reserve equipment and material, as well as maintaining them, for example, by the rotation method. I

Organizational measures must cover all reform issues, even the

seemingly minor ones. In particular, monetary incentives for servicemen who will be discharged from service under the draft must not be turned into a waste of money or spoils for the criminal world. The practice of paying "combat" bonuses for participants in the combat operations in Chechnya has provided many examples of this. It is better to send additional payments, for example, by postal money order to the place where the discharged serviceman was drafted or will live (general delivery).

The proposed system of transition is organizationally somewhat more complicated than the other options, but it does not require totally new measures that have not been previously worked out.

4.5.4. Possibility of extending the proposed policy to the entire military

Reform of the RF military affects all of its components, particularly those that are presently staffed, as are the Armed Forces of the Russian Federation, on a mixed basis: with men serving under contract and under the draft, the more so as the recruitment system relies on a single network of military recruitment offices.

Naturally, total expenses for the whole military, which amount to something on the order of 266 billion rubles in the federal budget for 2001 (22.3 percent of the expenditures part of the budget, or 3.4 percent of GDP), exceed the salaries and living expenses of Armed Forces personnel, but the Armed Forces' share of them is the greatest—about 80 percent. However, the "standard" expenses are determined not for individual components of the military, but according to sections of the expenditure part of the budget: 3.5 percent of GDP for national defense, as we already pointed out, and 1.6 percent of GDP for law enforcement and state security, where the expenses for most of the other troops, military units, and agencies are concentrated. Comparing these financial indexes with manpower, we can expect that the basic recommendation concerning the advisability of adopting the new policy, which has been substantiated for the Armed Forces, can be extended to the RF military as a whole.

4.5.5. Compliance with the Constitution of the Russian Federation and the legislative framework

The proposed policy provides for two types of service to fulfill the constitutional duty to defend the Fatherland (Article 59 of the Constitution of the Russian Federation):

- for most citizens, military service under the draft. After 2003 this will be brief service, in the course of which an oath will be taken and minimum readiness for subsequent voluntary service will be attained, as well as for combat operations in the case of repelling aggression;

- for citizens whose convictions or religious beliefs do not allow them to perform military service, alternative civilian service. These citizens, by performing socially useful work, should at the same time acquire skills that enable them to provide nonmilitary assistance to armed defenders of the Fatherland in the case of aggression or acts of terrorism. Suitable types of alternative service can include medicine, sanitary, and environmental activity, fire fighting, disaster relief, certain kinds of construction work, and so on.

4.6. Young people's assessment of the proposed option

We studied young people's attitude toward the proposed innovations by questioning students at institutions of higher education (with and without military departments) in Moscow and other cities, and a public opinion poll was conducted by VTsIOM. Analysis of this survey data produces the following results.

(a) In response to the question of converting the military to a professional basis (the wording of which was intentionally varied), the majority of those polled expressed their unequivocal support:

- 90 percent answered "definitely yes" or "probably yes" to the question, "Does Russia need a professional army that would be recruited on a contract basis?"

- 83 percent supported the proposal "to carry out a transition in

Russia to a professional military, which would mean that the regular troops would be manned with servicemen who perform their military service on a voluntary basis”;

- 76 percent of the men eighteen to twenty-six years old who were polled expressed the opinion that "the regular troops and other forces that provide for the country's security in peacetime should be reformed so that they are manned on a voluntary basis only (under contract)"

(b) Asked to choose among different types of training of citizens to fulfill their constitutional duty to defend the Fatherland in the case of repelling aggression, the majority of those polled thought that brief service in reserve training centers was the most preferable (71 percent in the IEPP study and 75 percent in the VTsIOM study), and only 6 percent were in favor of preserving the present regular two-year service under the draft. Among the youngest age group (eighteen to nineteen years old), 67 percent preferred brief six-month service under the draft to the present two-year term.

(c) Among other incentives that would make contract service attractive, the respondents named:

- preferences for entering institutions of higher education (named by 49 percent of the students in the IEPP study and 75 percent of those polled by VTsIOM);

- a license to do security work (35 percent of the students expressed support for this incentive, as did about 75 percent of all those polled by VTsIOM);

Other incentives that were mentioned included learning an additional useful specialty, rent benefits, the possibility of receiving supplements to the usual civilian pension, and help in finding housing (92 percent of the people polled by VTsIOM supported this idea). Students noted the need to increase the role of moral incentives.

(d) Among the additional functions that could be entrusted to the military reserve training centers, in addition to acquiring knowledge and skills in a basic military specialty, the young people named the following (according to IEPP data):

- training in the techniques of hand-to-hand combat (76 percent);
- driver's education for cars and motorcycles (69 percent);
- mastering the fundamentals of computer literacy (57 percent);
- swimming, mountaineering and parachuting lessons (up to 50 percent).

(e) In response to the question of whether or not preferences should be granted to people who undergo training at reserve training centers for entering institutions of higher education or during their education, 43 percent of those polled answered “no” (according to IEPP data).

(f) The majority of those polled believed that it is necessary to give each student the right to choose a version of brief military training. Among the reasonable options, they named: six months of training after entering an institution of higher education, six months after graduating, two three-month training periods during student vacation, and training in the Russian Defense, Sport, and Technical Organization (ROSTO) plus three months of service during student vacation.

(g) In the overwhelming majority of cases, those polled (people of both sexes participated in the IEPP sample) supported letting females train at the military reserve training centers (89 percent).

Practically all of these suggestions can be implemented under the proposed policy.

4.7. Society's attitude toward the proposed reform option

To evaluate social support for the proposed option for staffing the RF military, we consider its advantages for various categories of citizens.

For draft-age citizens who will be drafted after 2002 for training service in reserve training centers and for members of their families:

- the term of service under the draft will be shortened from two years to six to eight months, depending on the military specialty;

- military service under the draft will be shortened from two years to three months for people who have undergone military training in ROSTO, if they receive a document certifying that they have mastered an appropriate military specialty and a positive recommendation during their training service in a reserve training center;

- students at institutions of higher education that do not have a military department will be able to undergo their military training service in two stages of three months each during vacations;

- while all existing deferments will be preserved, students at institutions of higher education will be allowed to choose a version military service under the draft (six months at one time, two three-month periods, or three months after mastering a military specialty in ROSTO);

- the reserve training centers will be manned primarily on a regional principle, and servicemen will have a chance to see their families;

- the group of people undergoing training service together will all be serving the same term under the draft, so there will be no old-timers and no large scale *dedovshchina*;

- draftees will be trained by commanding officers and instructors specially selected and trained for this purpose.

For servicemen drafted in 2001 and 2002 whose two-year service expires during the reform period, if the reform is carried out before 2005:

- each serviceman discharged will receive additional payments when he is demobilized, from 3,234 rubles (for discharge in the first half of 2003) up to 16,080 rubles (for discharge in the second half of 2004). This level of payments corresponds to the average level of additional payments to servicemen in the RF who will serve under contract during the reform period

- they will be given preferential conditions for entering institutions of higher education after they are demobilized.

For contract servicemen:

- the monetary allowance will be gradually increased to an av-

erage of 3,600 rubles per month, and total salary and living expenses for one contract serviceman will go from an average of 3,370 rubles per month in 2001 to 5,000 rubles per month in 2004 (in 2001 prices). After that, bonuses will be paid to make the military competitive as an employer in the labor market;

- all servicemen and their families will be provided with housing in dormitories or in base housing;
- savings accounts will be opened for long-term servicemen, mostly sergeants and master sergeants, who have served more than three years;
- they will be given preferential conditions for entering institutions of higher education after their contracts have expired and they are demobilized.

For commissioned officers and warrant officers:

- the monetary allowance will be increased each year during the reform period, brought up to the level of government employees of the corresponding rank and category and then kept at that level;
- they will be commanding men who have volunteered for military service, have been trained at training centers, and given a set of incentives to encourage high-quality performance of their duties.

For military retirees:

- pensions will be increased each year in line with the increase in the monetary allowance for commissioned officers and warrant officers.

For employers:

- the time for which the able-bodied population is conscripted will be reduced by 75 percent;
- the people who have undergone training service in reserve training centers will have socially useful knowledge and employee skills.

On the whole, switching to the new recruitment system will produce not only military and sociopolitical but also economic benefits in the future. The proposed policy will professionalize the regular troop formations, train the reserve, and eliminate such

phenomena as the *dedovshchina*. The benefits are obvious to the majority of Russians, and they will support it. However, the experience of talking to opponents of this policy indicates that it would be very risky not to spend plenty of time explaining it and proving its advantages.

In conclusion, it seems that most of the public will look favorably on the proposal, provided that its advantages for all categories of citizens are adequately explained.

4.8. Groups opposed to the proposed policy

Objections to the proposed reform option will come from those who oppose any increase in military expenditures, even for efficient reforms, lobbying for the interests of other budget recipients. Less frank in their opposition will be those who are used to having submissive and unpretentious subordinates ready to follow any orders, if only they can make it to demobilization. The plan will also not be to the liking of those who would have a hard time sending professional soldiers to build a boss's dacha and those who extort from draftees certain material or financial resources.

Other forms of resistance to the proposed option for staffing the military may be veiled, without clearly rejecting it:

- worry about supposedly carrying out the reform too quickly;
- wishing to put off the beginning of the reform and drag out its stages so much that the transformations are never completed;
- holding up as examples other countries where something was done or is being done differently and keeping quiet about the countries (such as France) where something similar is being done.

Strictly speaking, public attacks on the proposed policy have already begun, although in stating their own opinions on reasonable changes in the recruitment system, the authors of these critical comments are forced to admit the usefulness of the proposed policy's basic principles.

Moreover, for both military specialists and the lay person, it is becoming clear that only professional soldiers can participate efficiently in peacekeeping and counterterrorist operations.

We must take immediate advantage of the sociopolitical and military-economic conditions that have been created, using the proposed option for changing the recruitment system for the RF military as the groundwork. This will help not only to eliminate many negative manifestations of the military's current state of crisis, but also to attract the personnel needed to improve the troops' and naval forces' combat capabilities and provide for national defense and international security.

On the other hand, attempts to delay the process of reforming the recruitment system until after 2005 and drag it out for a long time not only undermine the progressive idea of switching to a professional military and ruin the personnel component of military reform, but also threaten to tear down the material component of combat potential. These attempts are impeding the process of efficient and timely redistribution of resources, their investment in research and the development and production of efficient weaponry and military equipment. In the final analysis, the national defense and international security will suffer.

5. Comments on and responses to the proposed policy

In the course of developing and perfecting the new recruitment system, proponents received many critical comments from specialists in military reform, economists, and the leaders of interested organizations. They were all carefully studied and analyzed. The most significant comments are presented below, along with our responses.

5.7. Comment of the Security Council of the Russian Federation. The proposed timing for introducing the new system for staffing the AF RF is too optimistic, and a number of the system's provisions need more work

Response. The comment on timing deserves careful analysis and study, the more so as there are many possibilities for refining our proposed program for the transition to a new recruitment sys-

tern, in the sense of shifting the basic measures and expenses for implementing them "to the right" (to a later date). This can be done in the former transformation period (2002–4), as well as by shifting the whole period. However, in any case, it seems useful for the conceptual solution regarding implementation of the proposed system and the timing for carrying it out to be adopted in the next few months, insofar as a certain amount of time will be needed to make preparations for the new recruitment system and to include the appropriate expenditures in the draft federal budget for the upcoming fiscal year.

At the same time, we must remember that each year of delay in introducing the new recruitment system means:

- a corresponding lengthening of the time when all of the units of the Armed Forces will become mission-capable;
- a lengthened stay in the service of men serving different terms under the draft, with all of the negative consequences for servicemen;
- intensification of the confrontation between society and the state on the question of the draft;
- continuing emigration of the most qualified draftees and their parents because of the unacceptable conditions of military service under the draft at present.

In regard to the second part of the comment, IEPP specialists are not in a position to conduct additional analysis of the policy's basic provisions and give more details on the program of measures to implement it. This requires a decision of the RF government on expanding the group of specialists working on this problem in government and nongovernmental organizations.

5.2. Comments of the General Staff of the Armed Forces of the Russian Federation (document signed by the Chief of the General Staff of the Armed Forces, A. Kvashnin, dated August 6, 2001)

5.2.1. The author of this proposal sees the solution to the problem of recruiting contract servicemen, by and large, in raising their

monetary allowance to 3,000 rubles, (that is, 1,600 rubles more than it is at present). At the same time, increasing the number of contract servicemen to the indicated number is not realistic, for a number of reasons. Moreover, by 2004, such a monetary allowance will already be insufficient compensation for the emotional stress and physical exertion involved in military labor.

Response. This comment is presumably the result of not reading our proposals very closely. What we actually proposed was to gradually raise the monetary allowance for contract servicemen so that by 2004 the monthly salary and living expenses for an enlisted man serving under contract would be 5,000 rubles, of which about 3,600 would be the monetary allowance. According to the VTsiOM survey, enough men (about 2.5 million out of the 12 million citizens of draft age) would wish to serve under contract in these conditions.

Moreover, all of the financial calculations were done in 2001 prices, so the nominal amount of the monetary allowance in 2004 will be higher.

5.2.2. At present, the number of enlisted men in the AF RF is 687,000. Their salaries and living expenses amount to 14,630 million rubles per year. The plan for development of the Armed Forces calls for reducing the number of these positions to 542,000 by 2003 (13,100 million rubles per year). The author proposes that the AF RF be manned with 400,000 contract servicemen by 2004; consequently, 142,000 men will have to be sent to reserve training centers during the period (542,000 - 400,000 = 142,000).

Taking into account the increase in the monetary allowance for contract servicemen and the number of draftees to be trained in the training centers and units (284,000 per year), the proposed number of contract servicemen (400,000) will lead to salaries and living expenses of 26,556 million rubles (twice as much as with the existing recruitment system).

Response. Drafting 142,000 men twice a year for six months of service each time means that the annual expenses are for 142,000 men, not 284,000. According to the approximate calculations cited

in our materials, by 2004 the increase in salary and living expenses for enlisted men will be 10.4 billion rubles. According to more precise data from the General Staff of the Armed Forces, this increase will be 13.5 billion rubles. The additional expenses will be just 3.5 billion rubles (1.63 percent of national defense expenditures in 2001), which is acceptable, in our opinion. |

More precise data on the numbers of servicemen in different categories and plans for reducing them should be used to refine our proposals, not to reject the concept.

5.2.3. At the same time, even a slight increase in the monetary allowance for contract servicemen will make it necessary to raise the monetary allowance for officers, which is not taken into account in the calculations that were presented (a platoon leader must not receive less than a soldier who is subordinate to him).

Response. The question of increasing the monetary allowance for officers has already been decided. In 2004, the monetary allowance for noncommissioned officers will be doubled; for field-grade officers it will be raised by 1.7 times; and for general officers, by 1.4 times (resolution of the Security Council of the Russian Federation, May 11, 2001). In 2004, an additional 55.8 billion rubles will be spent for this purpose, which is more than four times greater than the additional expenses connected with changing the system of recruiting enlisted men for the Armed Forces. |

The appropriate proportions in the monetary allowances for servicemen of different categories according to their rank were taken into account in developing the proposed policy both in the initial stage (when the government's decision to raise the monetary allowance for servicemen had not yet been made) and thereafter. The proposed increase in the monetary allowance for contract servicemen does not exceed that for officers. |

According to the findings of the RF government (outgoing No. 5237p-P4, dated September 5, 2001), the absolute amount of accrued monthly monetary allowance for a lieutenant (platoon leader) as of July 1, 2002, will be 4,404 rubles, and after

that it will be raised to 4,689 rubles (4,150 after taxes). This allows us to consider entirely acceptable the proposed monthly monetary allowance for a contract serviceman, which will be increased to 3,600 rubles in 2005. A platoon leader will not receive less than his subordinates.

Moreover, we will mention two points:

- (a) the rule that a subordinate cannot receive more than his commanding officer is true on average, but not in each specific case;
- (b) for a lieutenant (platoon leader), the monetary allowance is only the first step in significant subsequent growth according to his rise in rank and advancement in assignment, while the monetary allowance of a contract serviceman may increase depending on his length of service, assignment, and proficiency, but much less than for an officer.

5.2.4. These calculations also do not take into account the fact that reducing the terms of military service will entail an increase in additional financial and material expenditures (clothing for drafted soldiers and sergeants, transportation of servicemen to their places of military service and back, etc.).

Response. In most cases, the service life of clothing does not change depending on how many servicemen wear it. Expenditures on washing and disinfecting it are negligible. Dress uniforms need not be issued to enlisted men serving for six months under the draft.

The statement about increased expenses for transporting servicemen is incorrect. In many ways the situation is exactly the opposite. The number of trips will be reduced, since instead of transporting men taken in the spring and fall drafts (totaling as many as 260,000 men under two-year conscription) to their place of service, or first to military training units and then to their place of service, in the second half year it will only be necessary to deliver 16,000 men to reserve training centers, that is, to the same military training units. And in subsequent years of the transformations the situation will essentially stay the same. After 2004, the

difference between transporting the $392,000 \div 2 = 196,000$ men who will be drafted for two years (if the current system is kept), first to military training units and then to their place of service, and the $142,000 \times 2 = 284,000$ men who will be drafted for six months and sent to reserve training centers only (if the new system is adopted) seems far from clear, even as to which is greater.

After the transition to the new recruitment system has been completed, the number of trips of servicemen to their place of military service and back will stay the same (for the Armed Forces, 284,000 trips in each draft). However, the average distance to be traveled will decrease, since under the proposed recruitment system men will be drafted on a regional basis.

5.2.5. In addition to paying the monetary allowance to enlisted men, there is the serious issue of material, social and domestic problems.

At present, about 50 percent of the sergeants and soldiers serving under contract do not have housing. Therefore, if the number of contract servicemen is increased by 2.6 times, housing will have to be provided for a significant number of them. On top of that, more than 100,000 commissioned officers and warrant officers do not have their own apartment, and while they are waiting for one they are forced to live in cramped dormitories or private apartments, often spending their housing allowance plus a large part of their pay on the rent. Enlistment under contract according to place of residence (i.e., of those who have their own housing) may lead to creation of national and regional military formations in subjects of the Russian Federation.

Response. The question of providing housing for contract servicemen is actually the most challenging. It can be partially solved by converting barracks into dormitories for contract servicemen, which can be done with the Armed Forces' own labor.

We must not forget that the reduction in the numerical strength of the AF RF by 27 percent from 2001 through 2003 surely ought to lead to a decrease in the number of buildings and structures and tracts of land at the disposal of the AF RF. Sale of these properties

can provide funds for creating the necessary infrastructure for the troops.

The problem of providing housing for contract servicemen, particularly as applied to the initial period of setting up the new recruitment system, is also exaggerated. The experience of the 201st motorized rifle division and other military units already manned with contract servicemen indicates that the problem can be solved by converting barracks into dormitories, even outside the borders of the RF.

We are well aware of the problem and the challenge it presents. It was certainly taken into account in developing the proposal, and some suggestions for resolving it were worked out. It is suggested that at first the invitations to serve under contract be extended mainly to single people, that barracks be converted into dormitories to house them (the AF RF already has experience in doing this), and that other real estate at the disposal of the AF RF be used. After three years of contract service, it is proposed that savings accounts be opened, which would accumulate enough money in twenty years to purchase housing in the middle zone of Russia. We have to remember that, according to Article 15 of the federal law "On the Status of Servicemen," the use of savings accounts to obtain housing is granted to servicemen who have served for ten years or more.

This puts off resolution of the housing problem until 2008, and in that sense the proposed transition to a contract system is no different from changing over to it after 2008, as the General Staff of the AF RF proposes.

5.2.6. Reducing the term of draftees' military service will require an increase in the contingent subject to the draft. Thus, it is proposed that 142,000 draftees be trained at Reserve Training Centers every six months, which will be 284,000 men a year. At present, 250,000–260,000 men are allocated each year just for the Armed Forces. It does not seem possible to increase the size of the draft pool under the laws currently in effect because 88 percent of draft-age civilians presently enjoy the right to draft deferments.

At the same time, making changes in the laws currently in effect in regard to repealing a number of draft deferments is a long process, and it is hardly possible at this time to predict that it will be successful. | ||

Response. A radical improvement in the conditions of military service cannot fail to significantly reduce the numbers of draft dodgers. Moreover, some of the existing deferments, such as those connected with marital status, can be repealed. As for students, only those who can enter graduate school or an internship immediately after graduation from an institution of higher education and defend their candidate's dissertation on time will get an exemption from military service. For these reasons, significant difficulties in staffing the reserve training centers are unlikely.

The necessary changes in the laws on draft deferments will be made simultaneously with carrying out the proposals for reforming the existing system of staffing the AF RF.

If we keep the existing system of recruiting enlisted men for the AF RF, the number of draft dodgers and those who obtain draft deferments and exemptions will inevitably rise. ||

The proposal separates the problem of staffing the regular troops (forces) from the problem of training a military reserve. The number of draftees will be determined by the demographic situation, economic opportunities, international circumstances, the rate of rearmament of the military and its need for trained military personnel. The target figure of 142,000 men to be trained in reserve training centers is only a calculated number, not set in concrete. The actual contingent of men drafted for six to eight months twice a year will be more precisely determined when the budget for the next fiscal year is written. |

5.2.7. Not only will implementation of E.T. Gaidar's proposals significantly reduce the actual level of staffing of the AF RF with enlisted men because of a shortage (of up to 70 percent) of draft resources, it will also put the troops and military formations of other ministries and departments in a similar situation. |

Response. Actual staffing levels will in fact diminish if the size and number of military units stay the same. But the main thing is but combat capability, not staffing levels. If our proposals are carried out, combat capability will not be reduced in practice because out of the two years that draftees presently serve, the first several months go to training and preparation of servicemen to serve and the final months are frequently associated in a serviceman's mind with his upcoming demobilization. This leads to a situation in which almost one-quarter of the term of service of those drafted for two years cannot be considered combat-ready. With a total number of 542,000 men, an average 405,000 can be considered combat-ready. So, the combat readiness of units consisting of 542,000 servicemen is no greater than that of units consisting of 400,000 contract servicemen.

5.2.8. *In our opinion, these proposals do not fully take into account the country's actual economic situation in the next three to five years, and also do not address the whole set of problems connected with military service under contract. At the same time, lowering the term of military service under the draft does seem possible in the future, but only when the ranks of soldiers and sergeants are 40—50 percent manned with contract servicemen.*

Response. The country's forecast economic situation for the next ten years was sufficiently taken into account in preparing these proposals.

Staffing AF RF units with both contract servicemen and draftees will not provide the necessary improvement in combat capability and will foster the preservation of unsanctioned relations among the troops.

5.2.9. *A report to the president of the RF has now been prepared on possible options, timing, and stages of transition to staffing of the Armed Forces and other troops exclusively with contract servicemen, with a forecast of expenditures on carrying out the necessary measures. Except for reducing the term of service of draft-*

ees, this report addresses practically all of the issues set forth in E.T. Gaidar's appeal.

This draft of proposals calls for development of a Transition Program to put the Armed Forces and other troops on a contract basis by 2005, however it would be possible to complete this work in 2003, including a procedure for transition to a system of recruiting enlisted men under contract and reducing the terms of military service of draftees.

Response. According to our proposals, the transition of the AF RF to a contract system will be completed by 2004, and this transition is economically substantiated, with a forecast of expenditures not exceeding two to three years. According to the General Staff's proposals, only the development of a Transition Program to put the Armed Forces and other troops on a contract basis is expected to be completed in 2005. This difference in the timing for implementing the proposed reform makes our proposals preferable. Moreover, the forecasts prepared by specialists at the General Staff for the next eight to ten years are objectively less accurate than the short-term forecasts in our proposals.

5.3. Comments of the Interior Ministry of the Russian Federation, High Command of Interior Troops (document signed by the Commander-in-Chief of Interior Troops of the Interior Ministry of the Russian Federation, V.V. Tikhomirov, August 7, 2001)

5.3.1. It seems to us that the options presented for switching to a professional army are not entirely justified, and the calculations in the summary tables of direct expenses for carrying out the proposal in 2002–4 are based on subjective figures and are significantly understated.

Thus, in the calculation it says that the average salary and living expenses for one contract serviceman in 2001 come to 40,400 rubles per year and 16,800 rubles per year for a draftee, while in

the Interior Ministry's troops these figures are 57,400 and 32,700 rubles per serviceman, respectively.

Response. The calculations were done for the AF RF according to data from the General Staff of the AF RF and do not take into account specific characteristics of the Interior Ministry's troops.

We should point out that for the purposes of this analysis the absolute amounts of the expenses are less important than the difference between the salary and living expenses for a contract serviceman and a draftee, and this difference is approximately the same for the Defense Ministry and the Interior Ministry:

40,400 - 16,800 = 23,600 rubles in the Defense Ministry;

57,400 - 32,700 = 24,700 rubles in the Interior Ministry.

5.3.2. The calculations also do not take into account the increase in expenses for creating training centers and remodeling of existing capital construction facilities.

Response. The problems of creating training centers and remodeling existing capital construction facilities have to be resolved when plans are developed for changing the interior troops over to the new recruitment system and proposals are prepared for funding the planned transition.

5.3.3. Replacement of military service under the draft by conscription of citizens for six months for training of a military reserve, with the objective of giving the draftees a military specialty amounts to training in isolation and will not produce a high-quality, militarily trained reserve that can fulfill its tasks in wartime.

Response. In the opinion of experts who have commanded training divisions for a long time (including Army General M.A. Gareev), six months of training is entirely sufficient for training a military reserve of the necessary quality.

5.3.4. I believe that the measures suggested by E.T. Gaidar to improve the system for staffing the AF RF are unacceptable, insofar as switching to a six- to eight-month term of military service will

lead to a sharp reduction in combat readiness and the quality of training of military specialists, primarily in military specialties and positions that are in short supply, as well as a breakdown in fulfillment of special tasks entrusted to the interior troops by the federal law "On Interior Troops of the Interior Ministry of the Russian Federation."

Response. Staffing of the troops only with contract servicemen will improve the troops' combat capability and readiness because this contingent will be trained and will serve exclusively voluntarily, by their own wish and calling.

5.3.5. At present, the General Staff of the AF RF has prepared detailed proposals for the president of the RF, with which we concur, on possible options, timing, and stages of a transition to staffing the Armed Forces and other troops exclusively with contract servicemen, with a forecast of expenditures on carrying out the necessary measures. Questions of switching to a professional army should not be considered until the president of the RF makes a decision on these proposals.

Response. When several reform options are presented, it is best to consider them simultaneously, in order to select the most efficient one. It might be helpful for the people who developed these alternative proposals to defend them before competent specialists (expert councils) so that the best option can be properly selected.

5.4. Comments of the Federal Border Service of the Russian Federation (document signed by the First Deputy Director of the Federal Border Service, N.S. Reznichenko, July 24, 2001)

5.4.1. As the results of annual monitoring of the socioeconomic situation of servicemen show, increasing the salary and living expenses for contract servicemen by one and a half times will not be

sufficient to provide for a transition to recruitment exclusively on a voluntary basis (under contract) by 2005.

Response. Our proposals call for increasing the salary and living expenses for contract servicemen by 2.5 times.

5.4.2. The proposed recruitment option confines the draft to "young men from the most socially disadvantaged families."

Response. All citizens who are physically fit for military service will be subject to the draft. The question of changing the laws granting the right to deferments and exemptions from military service will have to be resolved separately.

5.4.3. The terminology and concepts used (subject to the draft, reserve, regular troops, etc.) do not correspond to federal laws or the organizational structure of the AF RF.

Response. It makes no sense to argue about terms. We were forced to introduce the term "regular forces" to distinguish the military formations that will be manned under new principles.

5.5. Comments of the Academy of Military Sciences of the Russian Federation (document signed by the president of the Academy of Military Sciences, M.A. Gareev, July 25, 2001)

Considering that a contract system of recruitment already exists in Russia, it seems advisable to make the complete transition to a contract system for staffing the AF RF in three stages over the course of five to six years.

Response. We have to agree with the idea of making the transition to a new system of recruiting enlisted men for the AF RF in stages. However, the timing for accomplishing these stages can be significantly shortened, and, moreover, many measures can be carried out simultaneously. Then the five to six years suggested by the Academy of Military Sciences will be closer to the two to three years substantiated in our proposals.

5.6. Comments of the Organizational and Mobilization Headquarters of the General Staff of the Armed Forces of the Russian Federation (generalized from materials published in the mass media)

5.6.7. *The proposal on increasing the number of contract servicemen in the AF RF from the present level of 150,000 to 400,000 is unrealistic. This is supposedly indicated by the fact that "in recent years the number of professionals among soldiers and sergeants has been dropping by 1.5 percent each year. The trend has not even been rectified by the increased pay given to professionals in hot spots."*

Response. The reference to the experience of recent years, when the monetary allowance for contract servicemen averaged less than 2,000 rubles/month, is inappropriate. The proposed policy calls for a significant increase in the level of the monetary allowance and a number of new benefits. According to data from VTsIOM's sociological survey, the number of men who would want to serve under contract with a level of the monetary allowance up to 3,000 rubles per month by 2004 and 3,600 rubles per month after that obviously exceeds the need for them in the AF RF and the whole military. This will make it possible to recruit contract servicemen on a competitive basis.

5.6.2. *In 2004, 3,000 rubles will not be nearly enough compensation for a serviceman's emotional stress and physical exertion.*

Response. The VTsIOM data cited above indicate that potential contract servicemen, including people who have already served in the AF RF and know what military service is like, see things differently. The RF government, which developed the proposal to raise the monetary allowance for servicemen in the near future, also considered it sufficient to raise the level of the monetary allowance for contract servicemen to approximately the same level. The distinctive feature of our proposal is that the govern-

ment will offer and guarantee contract servicemen not a fixed monetary allowance, but an attractive continuing increase in it, as well as provide nonmonetary privileges.

5.6.3. To organize training of these 142,000 draftees, it will be necessary to divert as many as 40,000 specialists from combat units. Only 360,000 sergeants and soldiers will remain in the troops, and the units will not be up to strength.

Response. By no means should sergeants and soldiers be taken out of the regular troops and forces to train a military reserve, thereby reducing the strength of combat units. In our opinion, teachers (commissioned officers) and instructors (warrant officers) should conduct the training at the reserve training centers. According to the General Staff of the AF RF, in 2004 there will be 542,000 soldiers (sailors) and sergeants (master sergeants), and 458,000 commissioned officers and warrant officers in the AF RF (a ratio of 1.18 ; 1), which obviously does not correspond to generally accepted standards. With such a ratio of officers to enlisted personnel, there will be plenty of opportunities to bring them in to teach draftees at reserve training centers. All teachers and instructors should have experience of service in the regular troops and forces and then receive special teachers' training.

5.6.4. Attention should be paid to the rush in implementing the proposed measures.

Response. The need for an immediate change in the system of recruiting enlisted men for the AF RF is due to the troops' low combat capability. Moreover, as the Chief of the General Staff says, "beginning in 2006, the number of draftees will already have started declining sharply, and by 2010-12 it will have dropped to 55 percent. Consequently, steps need to be taken to improve the whole recruitment system."

The list of steps prepared by the General Staff's specialists is well known. It includes keeping two-year service under the draft, reducing the number of deferments and exemptions from military

service, and limiting the number of higher education institutions whose students have the right to deferments. Such an "improvement" in the recruitment system will lead to further growth in draft evasion, a reduction in the troops' combat capability, and intensification of conflicts between society and the government on the question of military service under the draft. The problems under consideration therefore cannot be solved with either the existing or the "improved" recruitment system. The immediate introduction of the proposed system of recruiting enlisted men, no later than 2005, will provide solutions to the imminent problems resulting from changes in the demographic situation. They will also promote qualitative improvements in the troops' combat capability and, after 2005, increases in the portion of funds going to research, development, and purchase of advanced weapons in comparison to the portion of funds spent on personnel in the AF RF.

5.6.5. *The "big thinkers" did not bother to learn from the experience of countries that have already changed over to a contract recruitment system.*

Response. The authors of the proposal for switching to a new recruitment system for the AF RF did make use of the experience of number of countries in transition to a professional army. For example, the pace of transition that we are suggesting fits within the standards for conducting military reform in France, where the military reform plan was adopted in 1996, and complete transition to professional armed forces will be completed in 2002. France also uses a system of drafting citizens for four to six months of military service, along with units in a state of constant readiness. The president of France is directly in charge of carrying out military reform there.

In Russia, military reform has been under way since 1991. By 1992, the Office of Military Reform had been created as part of the General Staff of the AF RF. However, after ten years of reforms only 15 percent of the enlisted servicemen (out of the whole AF RF) serve under contract, and their number is gradually de-

clining. According to the leisurely transition to a professional army proposed by the General Staff, there will be no real transformations in the army or navy before 2005, and the specific time when this transformation will be completed has yet to be determined.

5.6.6. *In its work on this problem, the General Staff has been limited by the financial resources allocated, while the authors of the IEPP proposal proceeded from overall evaluations of federal budget capabilities in the planning years.*

Response. This comment is not entirely correct. The Defense Ministry participated in developing the plans for increasing the monetary allowance for all servicemen, including contract servicemen.

The total amount of additional allocations for raising the monetary allowance for servicemen in 2002–4 is much greater than the amount of funds needed to make the transition to a contract system while simultaneously reducing the term of service under the draft. Apparently the people who developed the plans simply did not consider this option.

5.6.7. *The study does not take into account regional differences in the recruitment of contract servicemen according to the place of their recruitment and regional differences in their subsequent accommodation according to their place of service.*

Response. The calculations were done from generalized data on salaries and living expenses for contract servicemen, as well as draftees. These data were taken from material obtained in an interview with the Chief of the General Staff of the AF RF (see, e.g., *Nezavisimoe voennoe obozrenie* [Independent Military Review], no. 38, March 24–30, 2001).

It was assumed that the averaged data do take into account the monetary bonuses for contract servicemen that are applicable in various regions (northern regions, etc.). In our opinion, in the stage of developing the concept it is permissible to use these generalized data. As for recruitment, the VTsIOM surveys were conducted so as to cover practically all regions of the RF.

*5.7. Comments of the vice chairman of the Defense Committee of the State Duma, A. Arbatov (from materials published in **Moskovskii komsomolets**, October 25, 2001)*

5.7.1. The initiative of the Union of Right-Wing Forces (SPS) consists in changing servicemen over to a six-month term of service and enlisting the rest under contract. According to this proposal, it will be necessary to enlist 800,000 men in each draft.

Response. This is not true. What is proposed is that all of the combat-ready troops be manned with contract servicemen. In the AF RF, 400,000 men will serve under contract in these troops, which will significantly improve their combat capability. Draftees will be sent for six to eight months to reserve training centers that will train a military reserve, including some for serving under contract and some for guarding and maintaining reserve weapons and military equipment. Starting in 2003, some 140,000 men will be drafted twice a year for the AF RF and sent to reserve training centers.

5.7.2. The first result of such "reform" will be a repeal of all draft deferments and exemptions: the fit, unfit, blind, lame, drug addicts, people with a criminal record, and so forth.

Response. It will not be necessary to repeal deferments, with the exception of some involving, for example, family circumstances. We can expect that the number of draft dodgers will drop sharply as a result of the reduction in the term of draft service and a significant improvement in its conditions.

5.7.3. Reducing the term of draft service will not eliminate unsanctioned relations (dedovshchina).

Response. At present, the main reason for *dedovshchina* is the difference in draft terms. The uniform contingent of servicemen at the reserve training centers will eliminate this factor. Special selection of the reserve training centers' permanent staff (the teach-

ers will be commissioned officers and the instructors will be warrant officers) should help to eliminate other sources of unsanctioned relations.

5.7.4. We simply do not understand what Nemtsov and his comrades-in-arms have in mind when they talk about reforming our defense. What do they think about the current and necessary military doctrine, structure, and makeup of the Armed Forces, the program for providing weapons and equipment, and the principles of funding?

Response. In reality, the SPS does have a coherent system of views on all issues of military reform. In this case, we have formulated proposals in regard to a specific individual part of military reform. If necessary, the SPS can present material on all aspects of military reform.

5.8. Comment of the Union of Right-Wing Forces' youth organization

The proposal may make the draft situation worse for students.

Response. When the various options were being discussed, proposals were worked out for further improving the policy. In the proposed policy, no rights or privileges currently in effect for students and young scientists will be infringed upon as a result of switching to the new system for staffing the RF military. Information confirming this is presented below through consecutive comparison of provisions of the regulatory framework currently in effect and the proposed policy.

1. Provisions of the current law "On Military Obligation and Service," Article 38. Term of military service for servicemen serving under the draft or under contract.

The term of military service shall be established:

- for servicemen serving under the draft, as twenty-four months;
- for servicemen who have graduated from state or municipal

institutions of higher vocational education, or from private institutions of higher vocational education that have state accreditation in appropriate types of training (specialties) and are serving under the draft, as twelve months.

Proposed changes. The same term is established for all categories of citizens subject to the draft: not more than six to eight months, for training in military specialties at reserve training centers (for the mobilization of reserve and service under contract), guarding reserve weapons and military equipment and material, and performing maintenance of reserve weapons and military equipment.

2. Provisions of the current law. Article 23. Citizens exempt from the draft or not subject to the draft: Citizens who have the academic degree of Candidate of Sciences or Doctor of Sciences shall be exempt from the draft.

No changes are proposed.

3. Provisions of the current law. Article 24. Draft deferment for citizens: Citizens enrolled in classroom (not correspondence) studies in state or municipal institutions of beginning, secondary, or higher vocational education, or from private institutions of beginning, secondary, or higher vocational education that have state accreditation in appropriate types of training (specialties) shall also have the right to receive a draft deferment during their studies.

The deferment is not repealed in the proposals. A student is granted the right to select the version of draft service that he prefers:

(a) six months during his studies at an institution of higher education or after graduation;

(b) two training periods of three months each during student vacations;

(c) training in the Russian Defense, Sport, and Technical Organization (ROSTO) plus three months during student vacations.

4. Other provisions of the current laws. The right to such a draft deferment shall be granted not more than twice (for receiving vocational education at the given or higher level in any two of the indicated types of educational institutions).

- citizens shall have the right to a deferment in order to get vocational education in the case of reentering institutions of vocational education at the given level, and also in cases of one-time use of academic leave or one-time transfer to another institution of vocational education at the given level, if the previously indicated deferment was granted not more than once; I|

- those who are receiving postgraduate vocational education in classroom (not correspondence) studies in state or municipal institutions of higher vocational education, or from private institutions of higher vocational education that have state accreditation in appropriate types of training (specialties) or in scientific institutions that have a license to carry out educational activity in postgraduate vocational education [shall have the right to a deferment] during their studies and defense of their dissertation;

- those to whom this right is granted on the basis of decrees of the president of the Russian Federation.

Reference information. The decrees of the RF president No. 282, dated April 3, 1997, and No. 1356, dated November 11, 1998, include the following provisions.

For the purpose of maintaining the scientific potential of the Russian Academy of Sciences and pursuant to Article 24 of the federal law "On Military Obligation and Service," the right to a draft deferment is granted to: I|

- individual representatives of talented youth (up to 500 each year) from among the graduates of state institutions of higher vocational education who immediately following their graduation from an educational institution have gone to work full-time in their specialty at scientific institutions of the Russian Academy of Sciences, during the time of their work at these scientific institutions, and also to those who immediately following their graduation from an institution of higher vocational education have begun graduate studies, and after the end of their studies apart from production have been accepted for work in scientific institutions of the Russian Academy of Sciences—for the time of their graduate studies and work in these scientific institutions;

- to people who immediately following graduation from institutions of higher vocational education have gone to work full-time in their specialty in state organizations, the list of which shall be determined by the government of the Russian Federation—for the time of such work.

No changes in these provisions are proposed.

General conclusion: It is not advisable to repeal deferments and exemptions during the period of immediate transformations (up until 2005). After the new recruitment system has been introduced, it is advisable to reconsider the list of deferments and exemptions and link them with conditions for doing alternative civilian service.

6. The role and place of the proposed policy in the overall strategy of military reform

Changing the recruitment system for RF military staffing is only one part of the overall military reform to be carried out in Russia.

In every country, military reform is a laborious and extensive process. It denotes a transformation of the state's entire military system, which is carried out at the decision of the highest authorities and includes a set of political, economic, legal, military, military-technological, social, and other measures. During the reform period, the state's military, administrative agencies, the defense industry and other components of the military system are usually transformed (improved).

The aim of military reform must be worked out and then implemented by political bodies and politicians, together with military agencies and specialists. This is dictated not only by the long-known aphorism that war is the continuation of politics by violent means, but also by the fact that peace (the cessation of war, if there has been one, or the prevention of war) is the demolition (suppression) of a policy leading to war, by various means, including military force. If, in this case, a demonstration of military force is used to demolish an aggressive policy, then this political strategy has been

independently called a strategy of forceful deterrence.

That is precisely why the two extremes are equally bad: one when military reform is planned and carried out by military leaders without politicians, and the other, opposite extreme, when politicians act without consulting the knowledge and experience of military specialists. The country's defense capability is a nationwide concern, so military reform should be under assiduous civilian control, with public organizations participating in it. This is particularly important in regard to the staffing of the country's military. Letting the question of whether or not military service should be mandatory for all male citizens even in peacetime be decided by a group of citizens who themselves voluntarily chose military service as their profession cannot be considered normal.

From an economic point of view, military reform is not only a laborious process but also an expensive one. In addition to everything else, the economic aspect of military reform is dictated by the fact that military expenditures make up a significant part of the federal budget and hence are a "tasty morsel" for many departments, for some officials, and, in a broad sense, for all citizens who are involved in one way or another in the problem of military security. A radical change in the military sphere affects the economic interests of a very broad group of people. Many organizations and citizens do not want any change and manifestly or furtively obstruct it. External factors are also at work, since far from everyone in the world needs a strong Russia. Even a very brief look at history shows how arduous the changes are.

The time for military reform had already come in the days of the Soviet Union. By entrusting the transformation of the army, which is a function of the whole state, to representatives of the military bureaucracies, the former president of the Soviet Union, M.S. Gorbachev, doomed military reform to failure. Attempts to reduce the size of the military, and particularly of the high command, were cut short, and efforts to regulate the distribution of benefits and privileges failed.

The leaders of the new states formed in the territory of the So-

viet Union acted in exactly the same way after its breakup. They talked about reforming the Armed Forces of the former Soviet Union and about the nature of the Joint Armed Forces of the Commonwealth of Independent States, but the talks culminated in the dissolution of these forces and the creation of armed forces that were poor and weak, but at least they were our own. At that time, many contemporary states, in Europe, for example, took the path of ever-deeper integration of their armed forces and military industry and standardization of weaponry, mainly for economic reasons.

What can be said of military reform in contemporary Russia, the state that became the successor of the Soviet Union in strategic military issues? The first president and at the same time the first commander-in-chief of the Armed Forces of Russia, B.N. Yeltsin, entrusted military reform (a public matter) to a military man—the defense minister—and the ministry he headed, while the president himself, following his favorite principle of checks and balances, broke up the country's military into a large number of "security departments" competing with each other to demonstrate their devotion to the commander-in-chief.

We need to mention these events. How else to explain why, instead of a well-thought-out system of measures to reform the military, Russia went through long years of agonizing degradation of the military, and, at the same time, of the defense industry that is called upon to equip the army and navy with modern weapons? How else to explain the fact that many families of officers in contemporary Russia are worse off materially than the average family in the country? How else to interpret the numerous violations of law, incidents, and tragedies in the military sphere?

But the problem lies not only in political mistakes and the incompetence of officials. The events connected with military reform have always been based on economics. In 1989, when, for the first time, the Soviet Union officially published information on its military expenditures according to standard procedures for reporting to the UN, it became obvious that there was a clear

discrepancy in the distribution of our military expenditures. Less than one-third of the funds were spent on salaries and living expenses for the numerous Armed Forces, and two-thirds went to equipment: purchase of weapons, construction of expensive military facilities, research and development.

In this sense, the breakup of the old military machine inherited from the Soviet Union and construction of Russia's own Armed Forces seemed at first to be on the right track toward eliminating the distortions in the distribution of allocations pointed out above. The country's highest military and political leaders announced that the soldiers would be their top priority, and that a transition would be made to a small, but professional military.

The second priority in military reform was supposed to be efficiency. In the spring of 1992, a law on defense was adopted, and the Russian Parliament made a declaration on the principles of the country's military policy. From the direct instructions of the RF president and these documents, it followed that the main quality of the management of force development should be military-economic expediency, and that the main management tool would be the defense budget, which is taken up separately from the overall federal budget (on the strength of its special significance). The Defense Ministry was ordered to transform the former Central Finance Office into the Main Office of Military Budget and Funding, and to submit a draft law on the defense budget by the end of 1992. A program was supposed to be introduced for planning, programming, and developing the military (defense) budget, similarly to the way this is done in most highly developed countries. Military expenditures were supposed to be scientifically substantiated. However, no one in Russia has ever seen such a draft law or such budget procedures. After the events in the fall of 1993, the RF president submitted a specific document for approval: the Principles of Military Doctrine, from which the word "budget" was altogether deleted. As the military authors would have it, the meaning of economic support of the military boiled down to the following: the military leaders should determine how much

money they need, and then the government should provide funding for these needs.

Specialists were surprised by the situation in 1994–97: from one message to the next each year the RF president spoke about the importance of the budget process in economic support of the military, and from year to year in exactly the same way the Defense Ministry submitted a budget request that obviously could not be fulfilled. Then a smaller amount than what was requested went into the budget, and when the budget was executed the government reduced even that amount.

There gradually came to be a different discrepancy in the distribution of funds than that which was seen in the Soviet Union: as much as 85 percent of the military expenditures went to salaries and living expenses for the Armed Forces, and 15 percent to capital expenditures. But since the size of the military decreased much more slowly than its funding, the impoverishment of servicemen and deterioration of their equipment continued. In the absence of proper control over budget funds, economic wrong-doing was not to be kept at bay. Problems of determining appropriate size of the military and conducting efficient recruitment became ever more urgent.

The public statements of military and political leaders and their practical actions became more and more divergent. As we know, after numerous public statements, in 1996 the RF president signed a decree on changing over to staffing the military exclusively on a contract basis starting in 2000. In practice, no steps were undertaken to implement the decree.

We will recall that since the second quarter of 1992, payment for military labor has been linked to the minimum subsistence level and to the average monthly salary for the country as a whole. There was an acknowledged need to keep the guaranteed payment for military labor at a level that would meet the minimum needs of servicemen, as a special category of the country's citizens. During the time when this approach was applied (second quarter of 1992 through 1993), the monetary allowance was indexed to the rate of

inflation and was higher than the average monthly salary.

With the law "On the Status of Servicemen" that went into effect in 1993, monetary allowances for servicemen were linked the minimum wage for civilian workers. According to the first version of this law, the basic salaries for officers serving under contract must not be less than five times the minimum wage, and the basic salaries for enlisted men serving under contract could not be less than half the officer salaries. This provision was initially observed (in 1993-95), which made it possible to keep the servicemen's pay at the level of the average monthly salary in the country.

But later the principle that had been set in place by law for constructing the system of monetary allowances for servicemen was violated. On April 1, 1995, the minimum wage was raised by 70 percent, but the basic monetary allowance for servicemen was raised by only 30 percent. After that, minimum wage growth was no longer accompanied by increases in the basic monetary allowance for servicemen.

It is not surprising that under these conditions, the recruitment of enlisted men on a contract basis, which had already begun, and the process of bringing the size of the military down to an efficient level (400,000-500,000 contract servicemen) were torpedoed by falling monetary allowances. This is indicated, in particular, by Table 37, which shows the ratio of the base pay for soldiers serving under contract set by the RF government and the amount specified by the law of the Russian Federation "On the Status of Servicemen" for the period from 1992 through 1998. I

The final destruction of the staffing of the AF RF on a contract basis was due to delays in payment of even the miserly monetary allowances that had been set. By now, the number of contract members of the AF RF has dropped to 150,000, and almost half of them are women—the wives of servicemen.

From the data in Table 38 and the effects of the policy of 1993-98 on the RF military, we reach a fairly banal conclusion: if we want to switch to a professional military in Russia, then the transition must have strong financial and economic foundations.

Table 67

Actual Versus Legally Mandated Base Pay for Contract Soldiers, 1992-1998 (in undenominated rubles)

	1992	1993	1994	1995	1996	1997	1998
Set at	1,370 (on average)	6,500	110,000	154,000	316,000	316,000	316,000
Should be set at by law	Above the subsistence minimum (as it rises)	6,500	110,000	154,000	474,000	626,100	626,100

Only when I.D. Sergeev became defense minister and A.A. Kokoshin became secretary of the Security Council did military reform in Russia take on a somewhat intelligible nature. The fundamental document on the Russian Federation's military policy was not officially published, but all interested parties were informed about it. The purpose of military reform according to this document and progress in achieving it are schematically presented in Table 38.

Implementation of the military reform plan was hampered by internal resistance to the reforms on the part of individual representatives of the military, as well as certain domestic-economic and foreign-policy factors, including:

- the consequences of the economic crisis in Russia in the second half of 1998;
- complication of military and political relations with NATO and the United States, especially after the events in Yugoslavia in 1999;
- combat operations in the territory of Russia—in Dagestan and Chechnya, which began in 1999, and the consequences of which are still being felt.

On the whole, we can say that the first stage of military reform has not gone as it was supposed to in many ways. What has been accomplished, and what has not? We will try to answer this question in the order of the basic directions of activity outlined in Table 38.

The planning of military reform, and, most importantly, operational management of actual force development, stayed in the discussion stage for a long time. As a result, by the end of 2000, it had become clear that the previously developed plans not only needed to be extended further into the future but also adjusted.

The structural transformation of the military has also not been completed, although the transition has been made from five services to four and the country's Air Defense Troops have been disbanded. However, the next step, conversion to a three-service structure, has yet to be mapped out. The military districts have been sliced up in a new way, which is unified for the whole country

Table 38

Stages of Military Reform

1997-2000	Results	2001-2005
First stage of military reform	What needs to be done	Second stage of military reform
Planning of military reform	adjustment of plans	Completion of structural transformations in RF military establishment
Structural transformations	Services of AF: 5 >...4 >...?	Improvement of qualitative parameters; level of equipment, power to weight ratio, resource provision, professionalism, mobility, . . . etc.
Attainment of efficient numerical strength of the Armed Forces	1.5...1.2 million men in AF RF	
Restructuring of military-industrial complex	Not completed	Creation of new scientific, technical and production pipeline for rearming the Armed Forces
Preservation of scientific, technical and production potential	Potential in critical condition	

and its military. But in its final form (in establishing an economically expedient unified system of logistics, maintenance, and other types of support), this change had encountered some difficulties.

The size of the military has been reduced (in particular, the AF RF has gone from 1.5 million members to 1.2 million, as was announced at the end of 2000), but not as much as society could now permit if the military were properly supported. In mid-2001, it was learned that the AF RF actually has 1,365,000 members, not 1,200,000. Moreover, the planned level of defense expenditures (3.5 percent of GDP) was not provided. Nothing has been done to reduce the enormous number of servicemen assigned to nonmilitary departments and organizations.

The situation is no better with restructuring of the military-industrial complex, which underwent countless reorganizations from 1992 through 1996. The repeated planned consolidation of enterprises of the military-industrial complex during that time degenerated into a poorly managed process of formal measures, and new subsidiary companies even raised the number of government defense contractors. Research, development, and purchase of weapons were chronically underfunded even when the military budget as a whole was being fulfilled. The scientific, technical, and production potential of the military-industrial complex, which was supposed to be preserved, has fallen catastrophically.

In 2001, the RF government prepared new plans for restructuring the military-industrial complex. How they will turn out is not yet clear. The closely held nature of the discussion of these programs does not permit us to draw unequivocal conclusions.

As for the RF military itself, while the situation has not been completely stabilized, the main thing is obvious: the process of intensive degradation of the military, and, most important, the destruction of the economics of the military, which was halted back in 1999, has now been turned around. But it is hard to depend on such optimistic assessments of the situation on account of the excessive secrecy about Russia's military programs and expenditures. The degree of secrecy in the military-financial sphere con-

flicts with the Budget Code of the RF and the law on state secrecy, as well as common sense. The traditions of regular publication of information on how much money the Defense Ministry receives from the federal budget, which were established by I.D. Sergeev at the beginning of his tenure as defense minister, have been forgotten. The public has no opportunity to analyze the budget process and exercise civilian control over the military.

In concluding our analysis of the results of the first stage of military reform according to the plan put together in 1998, we can say that the transition to a new stage had to start out from a frank admission that the first stage had not been completed and both the concept and the program of military reform needed to be revised.

First of all, the conceptual framework has been revised, in the form of by two new documents: the Concept of Military Security and the Military Doctrine. These documents contain a number of useful provisions, but they are not devoid of shortcomings. The main merit of the Concept is that it emphasizes the economic dimension of providing for the country's security. However, this is offset by a significant flaw in the Military Doctrine. There is not even any mention in this document (or in the 1993 version) of the military budget or the need for the RF military to participate in the budget process in compliance with the Budget Code of the Russian Federation. This complicates budget planning, analysis of budget requests, drafting and executing the budget, and may therefore have an adverse effect on force development itself. The article by the chief of the General Staff, A.V. Kvashnin, in *Voennaiamysl'* [Military Thought], no. 6, 2002, can be considered a positive factor in this question. The article shows that the long-term planning system for development of the AF RF sees the drafting of the budget as the final stage of the planning procedure, rather than simply the approval of some plans or programs.

In 2000 and 2001, the basic directions of reforming the RF military as a whole were refined, and a Force-Development Plan for the AF RF for 2001-5 was approved, as well as force-development plans for all of the so-called other troops belonging to vari-

ous other ministries and departments. Other documents were also developed, such as the Program for Social Support of Force Development in the RF in the Period up until 2010, and the Principles of the Russian Federation's Policy in the Field of Development of the Military-Industrial Complex in the Period up until 2010 and Later. The most important document, which lays out the program for supplying the RF military with weapons and military equipment, was approved just recently. ¶

While it is impossible to analyze these documents because of the hypertrophied secrecy surrounding them, we can formulate the basic points of an efficient strategy for force development in the RF, based on the general laws of development of military science. ¶

1. Russia needs a unified and efficient military. ¶

2. The basic objectives of the RF military and ways to accomplish them (see Table 39) can be formulated fairly clearly even without specifying any obvious likely enemy.

3. In regard to equipment, accomplishing these objectives requires that the following resources be preserved and developed: nuclear weapons, smart (highly accurate) weapons, information support systems for them, and means of information war.

4. As studies have shown, the strategic military objectives of deterring aggression is economically most efficient. At the present time, expenditures on preventing war are obviously less than those on war and the damage that is inflicted by any modern war.

5. Staffing the RF military in peacetime should be done through the voluntary enlistment of competent, morally and physically fit defenders of the Fatherland who are prepared to master advanced weapons, handle them professionally, and accomplish any military task. At the same time, the country needs a militarily trained reserve of its defenders to replenish the ranks of professional soldiers, as well as to repeal aggression (acts of terrorism), if their scale exceeds the capabilities of the regular peacetime troops and naval forces. ¶

At present, the RF military is not fully prepared to achieve these

Table 39

Basic Military Objectives and Ways to Accomplish Them

Conditions	Basic objectives	Methods, forces and resources for accomplishing them
In peacetime	Prevent aggression and attempts at coercion by force from outside the country, ensure that the troops have a high level of combat readiness and capability, and also ward off the danger of civil war or terrorism breaking out either inside the country or on a global scale.	Strategy of forceful deterrence (nuclear and non-nuclear),- together with political, economic, military and other measures. Effective military training of regular forces and mobilization training of a reserve.
In case war does break out (military conflicts, terror)	Repeal aggression, minimize damage to the population and economy and inflict damage on the aggressor (organizers and agents of lawless military and terrorist acts) that obviously exceed any possible gain from war, make it impossible to achieve the goals of aggression (terror) and force the aggressor (organizers of terrorist acts) to halt them.	Strategic forces and means of deterrence, forces and means of deterrence in theatres of war (sectors), forces and means of support for state security. Traditional and nontraditional forms and methods of combat operations, together with political, economic and other methods that have an impact on the aggressor. Regular forces and resources of the RF military establishment, mobilization reserve (as needed), forces of allies and international organizations (primarily the UN).

objectives. The main reasons are the incompleteness of military reform, imperfections in staffing the military, the unacceptably low social status of servicemen, the lag behind developed countries in providing the troops (naval forces) with modern weapons, the disparity between the size of the military and the level of its funding by the government, and weak civilian control.

From an economic point of view, solving these problems requires an improvement in the public administration of force development and hence an improvement in the planning, drafting, and execution of the military budget within the framework of the Budget Code of the Russian Federation. Military expenditures must be transparent and subject to civilian control. In our opinion, there is a critical need to adopt a federal law "On Military Expenditures."

The RF military should work to convert its Armed Forces into Armed Minds, which will require the development of the scientific, technical, and technological basis of the military itself and the military-industrial complex.

But we have to begin by changing over to a new principle for staffing the military.

Twenty-first-century means of warfare and modern means and methods of providing for the country's defense capability and security can be effective only in the hands of professionals.

In conclusion, we will look at organizational aspects of carrying out military reform in terms of the problems that the RF military will face in the years ahead. Some ideas about the specified aims of reform, based on the generalization of materials from openly available publications, are presented in Table 40.

Table 40 shows that here in Russia, as before, the time frames for the planned work are determined by five-year cycles, while the real political life that influences military reform is determined by the election cycle, primarily elections of the president, who is the commander-in-chief of the Armed Forces. The main shortcoming in these plans is the absence of clear prioritizing. At the very least, the social importance of reforming the recruitment system is so obvious that substituting the words "improvement in the quality

Table 40

Cycles Affecting Military Reform

2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	Later
2001-2005					2006-2010					
Elections of the State Duma, RF president					Elections of the State Duma, RF president					
Allocations for development of the RF military establishment guaranteed by the RF government										
Bring the ratio of expenditures (R&D + purchase of weapons and military equipment) / payroll and living expenses from the present 30%: 70% up to 40% : 60%					Bring the ratio of expenditures (R&D + purchase of weapons and military equipment) / payroll and living expenses from 40% : 60% up to 50% : 50%					
Action program to shape the future look of the RF military establishment outlined by the Security Council of the Russian Federation on August 27,2000										
Plan for development of AF RF, Plans for development of other troops, military formations and agencies Transition to three-service structure of the AF RF (land forces, air forces, navy) +										

branches of the armed forces (airborne forces, strategic missile forces, space forces, etc)

For the land forces

- reestablishment of the Main Recruiting Office;
- preservation of constant-readiness units in each of the strategic sectors; -
- *improvement in the quality of manning the troops (forces);*
- creation of combined Volga-Ural military district

Optimization of the personnel-training and military-education system

Drafting and implementation of a unified technical policy in the AF and the government.

Creation of a unified customer.

Creation of a unified military-scientific complex

Creation of a unified logistical support system for the AF, other troops and military formations and agencies

Program of social support for the military establishment in the RF in the period up until 2010

Raising position pay

Raising rank pay

Increasing monetary allowance for servicemen above the salary of federal employees

Program for social adaptation of servicemen to be discharged from the military, and their family members

of staffing the troops (forces)" for specific plans and a time frame for such reform looks extremely unconvincing and is disorienting to specialists and the public.

The best thing to do, in our opinion, would be to include reform of the recruitment system in the force-development plans as a separate section, with its parameters linked to the corresponding parameters of the Program of Social Support, plans for optimizing the training of military personnel, and other independently developed programs and plans. The basic ideas of the new recruitment proposal, like the proposals to change the numbers of servicemen in basic categories and financial and economic indexes, fit quite well within the framework of the force-development plans and other programs and plans. Moreover, the basic measures in switching to the new recruitment system also well with the timing of elections of the RF president (commander-in-chief of the Armed Forces). I

Of course, it would be useful to make this section of the force-development plans openly accessible (not secret). This would help in obtaining social support, increase the likelihood of actual implementation, and make it easier to allocate federal budget funds to implement the proposal.

Conclusion

1. The very urgent problem of radically transforming the system of recruiting enlisted men for the RF military has an efficient, economically feasible, and realistic solution. Since November 16, 2001, after the political decision made by the RF president, the problem has progressed to a fundamentally different stage—specification and implementation of this solution.

2. The methodology that has been developed for solving this problem makes it possible to work out an appropriate transformation policy and find an optimum implementation program.

3. The proposed policy promotes the switch to a new recruitment system without damaging the combat capabilities of the regular RF military, to maintain the size of the militarily trained reserve, reduce the social tensions associated with the current draft sys-

n, and obtain public support for a policy of democratic changes.

4. The opportunities that have opened up for putting the RF military on a professional footing by 2005 are unique, for the following reasons:

* the appreciable upswing that has begun in the Russian economy and growth of the country's military-economic capabilities

- a continued presence of socioeconomic situation in which military service under contract will be economically attractive to young people, even with a gradual rise in the monetary allowance, and also with a minimal level of satisfaction of everyday needs.

Moreover, the growing use of Russian military formations in peacekeeping and antiterrorist operations, including some under the aegis of international organizations, will make military service more economically attractive and prestigious. Only professional soldiers can participate effectively in peacekeeping and antiterrorist operations.

5. We must not fail to take advantage of the prevailing sociopolitical and military-economic conditions on the basis of the proposed option for changing the system of recruiting enlisted men for the RF military. Doing so will not only end many negative manifestations of the military's current crisis, but will also help to improve combat capabilities, providing for the country's defense capability and international security.

Taking all of this into account, top-priority measures should be:

1. Prepare a (draft) section in the RF president's annual message to the Federal Assembly setting forth the coordinated aim of the proposed policy and principles on which a working group of representatives of federal agencies and public organizations will act. The task of the working group will be to draft a proposed reform policy by mid-2002 and an appropriate federal targeted program by the end of the year. The work should be done only on public principles, with short-term placement of group members, if necessary, at the disposal of the group's leader.

2. By a resolution of the Russian Federation government, support the working group's activity by granting it the right to obtain reliable information.

3, Prepare a section in the RF president's budget message ordering the RF government (interested ministries and departments) to allocate the necessary funds in the federal budget for 2003 to undertake urgent work on changing the recruitment system and planning appropriate expenditures in the long-term financial plan for the period up until 2005.

4. Immediately set about developing the necessary legislative framework. Hold a conference of deputies of the State Duma (from the interested factions and committees) and representatives of the RF government. Adjust the plans for law making in 2002 according to the results of the conference.

Implementation of these suggestions will get the process of reforming the recruitment system under way in 2002, and prepare the funding for some measures starting in 2003. The reform can be carried out under the federal targeted program that will be developed and approved by that time.

Appendix 1

Resolution of the conference held at the Organizational and Mobilization Headquarters of the General Staff of the Armed Forces of the Russian Federation with representatives of the Academy of Military Sciences of the Russian Federation, the Institute for Economic Transition, the Defense Ministry's Main Office of Military Budget and Financing, and the Defense Ministry's Office of Military-Economic Analysis and Expert Review, to work out a common understanding of the problem of transition to staffing the military of the Russian Federation with contract servicemen, November 15, 2001:

The purpose of the meeting was:

- to work out the most efficient approach to solving the problem of transition to staffing the Armed Forces and other troops of the Russian Federation with contract servicemen;
- to coordinate the parties' positions in determining the optimum timing for implementing this transition, and the length and goals of each stage;

- to determine the basic measures to be carried out in each stage of the transition and the resources to be provided for them;
- to work out a unified procedure for financial and economic substantiation of the transition and determination of the amount of funding required for each stage.

To determine the most efficient option for reforming the country's military, the conference adopted a mechanism of doing so that could provide the opportunity to carry out a set of program studies and prepare comprehensive financial and economic substantiation of the proposed measures and their feasibility under the existing economic conditions.

In the course of discussing possible transition options, the conference took into account not only the positions of the Defense Ministry of Russia, the Academy of Military Sciences and the Institute for Economic Transition, but also the opinions of other federal executive agencies.

The parties agreed that the preparation of such a thorough financial and economic substantiations of the measures to be carried out requires not only allocation of additional funds but also a certain amount of time. This is also evident from the proposals drafted by the Academy of Military Sciences and the Institute for Economic Transition, which are constructed only on the basis of expenses connected with payment of the monetary allowance.

On the whole, recognizing the need to accelerate the transition to a contract method of recruiting enlisted men for the military of the Russian Federation and a new way of training the military reserve, as well as the need for thorough financial and economic substantiation of these measures because of their absolute dependence on the amount of funding and our country's economic capabilities, the conference came to the following conclusion.

1. The main goal of reforming the existing system of recruiting enlisted men for the military of the Russian Federation should be to create a staffing system that could provide for a transition to primary staffing of military units and organizations of the Armed Forces and other troops with servicemen serving under contract, while keeping the draft of citizens in order to provide the opportu-

nity for training and buildup of militarily trained mobilization resources, as well as to train citizens for enlistment under contract. In this case, the legislative and regulatory framework for military service should provide for a level of social and material guarantees to citizens who have voluntarily enlisted for military service such that the country's military would be competitive in relation to other employers. I

2. The transition to a new recruitment system should be carried out in stages, having coordinated the length of these stages with measures in the Plan for Development of the Armed Forces of the Russian Federation in the Period up until 2010, which has been approved by the appropriate decree of the president of the Russian Federation.

3. In the preparatory stage, in 2002-3, the necessary conditions for the transition should be created. During that time, a set of scientific studies should be conducted at the federal level, with mandatory consideration of the results of scientific research that has already been done in this field; financial and economic substantiation of the measures to be carried out should be prepared; practical experiments should be conducted on the basis of a number of military units that are part of the Armed Forces and other troops; and the degree of their combat capability and the true financial and material expenditures on the transition and the salaries and living expenses of a military unit of such composition should be determined.

5. On the basis of the work that has been done, an appropriate federal targeted program should be developed and approved by the end of 2003. This program should specify the content and timing of the execution and concluding stages of the transition, as well as the actual amounts of funding for their implementation.

Appendix 2

Joint statement on the results of the meeting of the United Political Council of Yabloko and the Union of Right-Wing Forces (SPS), November 19, 2001:

On the instructions of the Yabloko and SPS factions, the United

Political Council considered questions of military reform, primarily questions of changing the principles of recruitment for the Armed Forces of the RF and other military formations.

On the basis of thorough discussion of this problem, Yabloko and SPS arrived at a common opinion.

- The main way to transform the principles of recruitment, as one of the most important areas of military reform, should be to convert the Armed Forces and other troops and military formations primarily to a contract principle of recruitment.

- Progress in the direction should be gauged by the timing and amount of funding, based on the actually available and forecast financial resources. In this case, the government does have such funds. They will not overload the federal budget or harm other sections of it, and they will make it possible to implement this in the next few years (by 2005).

- The question of training a military reserve, along with the transition to a contract principle of recruitment for the Armed Forces and other troops and military formations can be resolved by drafting young men subject to the draft for a term of six months (which means that the Armed Forces, other troops and military formations will constantly have about 25 percent draftees among the enlisted men of the Armed Forces).

- Servicemen who have completed their six-month term of training should be the main source of staffing the regular Armed Forces and other troops and military formations on a contract basis.

- The military reserve can also be maintained by including in the terms of the contract for people serving under contract an obligation to be on standby for a certain period of time after they complete their military service. Another way could be appropriate training of servicemen in other troops and military formations (the total number of which is no less than the number of members of the Armed Forces).

Yabloko and SPS agreed to create a joint working group to study the financial and organizational aspects of this problem in detail and coordinate them with representatives of the interested executive agencies.

Reference information. At the beginning of 2002 (two months after this joint statement was signed and published), the leaders of the Yabloko party publicly renounced it and spoke out against the concept that had been previously agreed upon.

Appendix 3

Excerpt from minutes of the meeting with the Prime Minister of the Russian Federation, December 7, 2001, No. MK-P4-42-pr:

1. The Defense Ministry, Interior Ministry, Ministry of Emergency Situations, Federal Border Service, Federal Railroad Troops Service, Ministry of Economic Development, and the Finance Ministry of Russia, together with interested executive agencies and organizations, shall develop and submit, by March 15, 2002, the basic provisions of a policy outline for a federal targeted program of transition to staffing of military positions with servicemen who have enlisted voluntarily and with draftees for training and buildup of militarily trained mobilization reserves in reduced-strength units and training centers.

Financial and economic substantiation shall be prepared for the basic aspects of the planned measures (monetary allowance, logistics, housing, social guarantees, ensuring that tasks are performed as intended), so that the possible expenditures can be estimated, and, based on this, the time frames for converting the Armed Forces of the Russian Federation and other troops to the new recruitment principles can be determined. This substantiation shall be based on possible options for reducing the term of military service under the draft to 1.5 years or 1 year.

2. In 2002-3, the Defense Ministry of Russia, with the participation of interested federal executive agencies, shall conduct a set of scientific studies and an experiment based on a number of military units of the Armed Forces of the Russian Federation and other troops in regard to converting them completely to a voluntary method of recruitment.

On the basis of the results obtained, with the participation of the Finance Ministry and the Ministry of Economic Development,

financial and economic substantiation shall be developed for the stages of such a transition, the extent of the proposed measures' effect on the level of the troops' (forces') combat capability shall be determined and appropriate proposals shall be submitted.

3. The Finance Ministry, Ministry of Economic Development, and Defense Ministry of Russia shall submit proposals regarding funding in 2003 of measures to improve the system for staffing the Armed Forces of the Russian Federation and other troops under the "Military Reform" section of the budget.

4. The progress of work on improving the system for staffing the military of the Russian Federation shall be discussed at a session of the government of the Russian Federation in March 2002.

Appendix 4

Example of quick, comprehensive assessment of the new compromise option calling for one-year conscription:

The materials presented in this appendix illustrate the utility of the proposed methodology and one way of developing it further as applied to an option that came up after most of the working papers had been written. This option appeared as a distinctive interpretation of the last proposal in item 1 of the resolution of the session of the RF government (see Appendix 3). This option, in which the term of service would be one year and the switch to this reduced term of military service would begin in 2004, had to be scrutinized quickly. The question of whether it would be better to have a draft twice a year or once a year came up correspondingly with the basic question regarding the new reform option at the initiative of a number of deputies of the RF State Duma. And it also had to be considered.

The results of this quick analysis are summarized below in regard to individual points.

1. If it is done twice a year, drafting men into the AF RF, other troops, military formations, and agencies for a term of one year will have the same serious drawback as draft service for two years: the servicemen from different drafts will be together in the troops

and the navy at the same time. Along with weak moral and material incentives for conscientious military service, especially by rank-and-file soldiers (sailors), sergeants, and junior officers, this is the main reason why the unsanctioned relations known as *dedovshchina* [violent hazing] and other violations of law occur.

Some deputies believe that *dedovshchina* could be eliminated or combated by switching to a draft that would be carried out once a year. However, such a change would effectively entail the complete loss of the combat capability of military units during the period when drafted servicemen are replaced, an increased load on the draft commissions, complication of the transportation of citizens to their place of military service, and so forth. Moreover, we should point out that out of the rank and file presently drafted twice a year, not all of them, but less than half of those drafted, go through qualification training for further service. Such is the capacity of the military training units. Drafting men once a year will lead to a situation in which less than one-quarter of those drafted will receive such training. Detailed information on this question can be found in the set of documents accompanying the draft federal law no. 151254-Z, "On Amendments to Article 25 of the Federal Law 'On Military Obligation and Service'," which was introduced by State Duma deputies A.E. Barannikov, V.E. Koptev, V.N. Lysenko, V.O. Semenov, and A.V. Shishlov, and also in the comments on this draft law.

Therefore, in subsequent assessments and calculations it seems advisable to consider only the option in which the proposed draft for a term of one year is carried out twice a year. It was assumed that in this case part of the service (as much as half of the time) would be spent in military training units (or in training elements attached to regular military units), and a second part in military units of the regular troops (forces). In other words, each serviceman would actually participate in accomplishing military tasks for only half of the time spent in the military.

2. It makes no sense to consider the proposed option separately from all the other possible options. Its advantages and disadvantages can be revealed only by comparison. In all, the following

four options were considered. They are numbered arbitrarily. The first digit, except for 9, links them to the options considered above; the second digit is for the year 2006.

No. 16 is the initial or reference option prolonging option 1. In this option, the change in the recruitment system for the RF military is actually only prepared by 2006, but not implemented. The number of personnel decreases in accordance with the previously established reduction plans. Salary and living expenses for servicemen are determined as those previously adopted or declared by resolutions as of the end of 2001. ||

No. 46 is the one that we proposed previously (option 4), with actual transformations of the recruitment system to begin in 2003 and an increase in the monetary allowance for servicemen to a level that makes the military competitive as an employer. |

No. 56 is analogous to the previous one, but with the beginning of actual transformations put off until 2004 (as in option 5), in order to take into account this aspect of the new option that is being recommended. II

No. 96 is a new option being proposed now, which calls for keeping the draft at a one-year term of service and beginning the transition to service of this length in 2004. |

The total number of personnel and the basic financial and economic initial data were taken as the same for all options.

3. As criteria for comparing these options, elaborating on section 3, we looked at the following integral indexes:

(1) "Effective number" (EN), which is understood as the total number of enlisted servicemen in various categories, calculated with a weight factor that takes into account the physical maturity and life (service) experience of the servicemen in each category. To do this, we used information about the dependence of the productivity of labor and the physical capabilities of citizens on age, which are found, for example, in the book by G.P. Shibanov, a well-known specialist in the field of life support for servicemen and ensuring that they carry out their military tasks safely [24]. Assuming that the draft age is nineteen years, on average, we can link the length of service with an average age. Then the capability

coefficient of a regular-term serviceman will change depending on how long the term of service is, approximately as shown below in Table A1.

This enables us to calculate the EN for the whole complement of enlisted men.

(2) Salaries and living expenses for enlisted men in each year of the period under consideration (2002–6) and for the period as a whole. In the interest of ensuring that the results of the calculations are comparable, they were done in the fixed accounting prices of 2001.

(3) Social tensions due to preservation of forced service in the regular troops and *dedovshchina*. This index was estimated by experts.

(4) Capabilities of maintaining a mobilization reserve. This index can be calculated on the basis of data on the demobilization of servicemen, the rate of which is assumed to conform to each option, and the stay of demobilized servicemen in the first-category reserve, that is, until they reach thirty-five years of age.

The methodology for comparing the options is basically the same as the one that was used above for substantiating the proposals for reforming the recruitment system. However, in comparison with the calculations that were done previously, in this case the period over which the basic indexes were considered was extended (from 2002 through 2006, rather than through 2005), and some of them were expressed quantitatively.

4. The results of these calculations indicate the following.

4.1. With respect to the "effective number" criterion, the option that we previously proposed has clear advantages.

This is explained by the fact that in this option the reform begins in 2003, when the number of men drafted for two years is still comparatively high, and by their service they make the reform process (transition to the new system) less stressful than if it begins in 2004. Also, the number of contract servicemen in the AF RF is highest in this option. They are counted with a coefficient of 1 and make the primary contribution to the total effective number shown in Table A2. For the sake of clarity, the same data are presented in Figure A1.

It seems strange, at first glance, that Option 4 (which we are

Table A1

Category Coefficients for Enlisted Servicemen in Various Categories, Reflecting Maturity, Experience of Servicemen in Various Categories

Term, years	0.50	1.00	1.50	2.00	More than 2
Coefficient	0.62	0.70	0.79	0.86	1

proposing) and its natural continuation in Option 46 (which promise the RF military the best complement of enlisted men and the highest effective number) are not supported by the military leadership. In fact, Option 96, which the General Staff is proposing, only raises the relative effective number of enlisted men from the present 80 percent (in comparison to the actual number) to 82 percent, while the option that we have proposed reaches 90 percent and should therefore avoid collapse in 2003.

4.2. With respect to the criterion of the military's salary and living expenses, the first one of the options under consideration (No. 16), naturally, does not require any increase in the salary and living expenses for contract servicemen (and in this sense it is the "best"), but it is precisely the one that is least efficient in a military sense, and, moreover, as public opinion surveys showed, most Russians reject it.

Table A3 illustrates the total annual salary and living expenses for all categories of enlisted men (in millions of rubles) in each year, as well as the total expenses during the reform period.

Like the previous one, Figure A2 illustrating the nature of change in annual expenses follows the table, for the sake of clarity.

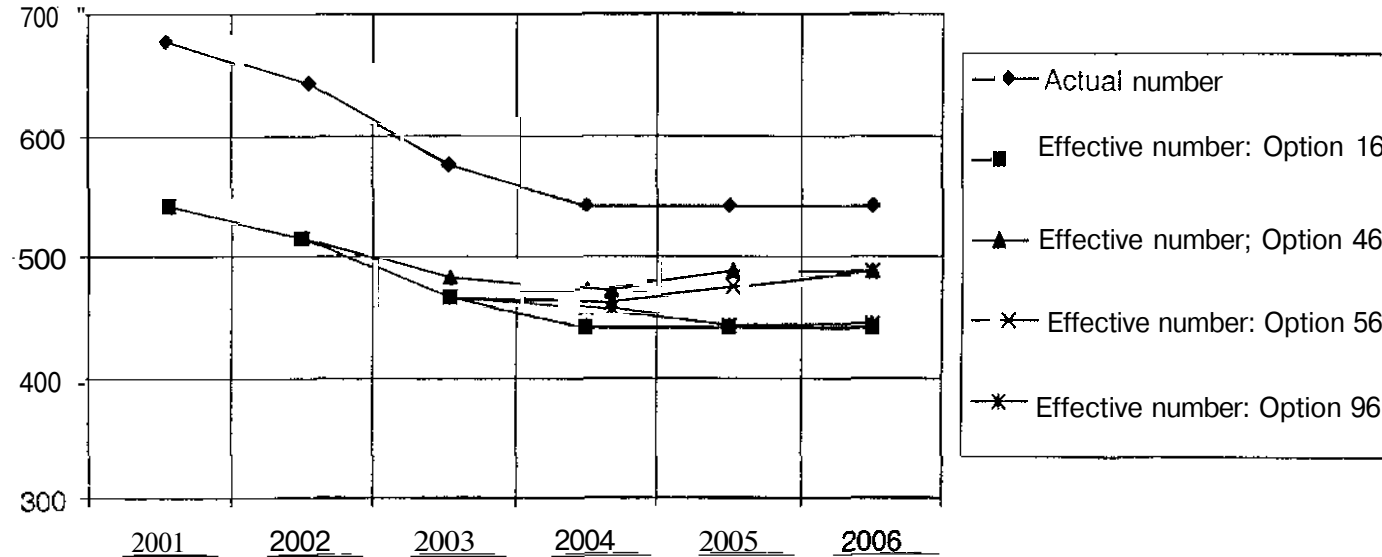
It follows from these calculations that the option we are proposing, which calls for complete separation of the two spheres of: (a) military service in regular troops (forces) only voluntarily under contract and (b) service under the draft, which involves training in a military specialty, taking an oath and performing certain auxiliary functions (work) in the interests of the military, but absolutely outside of constant-readiness units—is the most expensive of the options being compared.

Table A2

Effective Number of Enlisted Men (thousands)

Years	2001	2002	2003	2004	2005	2006
Effective number	676	642	575	542	542	542
Effective number: Option 16	541	515	466	441	441	441
Effective number: Option 46	541	515	482	471	488	488
Effective number: Option 56	541	515	466	462	-475	488
Effective number: Option 96	541	515	466	456	443	445

Figure A1



But we will recall that, as previous estimates, including one by the Finance Ministry, have shown, the expenses required to implement it are entirely feasible in Russia's current economy. This conclusion is confirmed by the new calculations. In fact, the option that calls for a reduction in the length of military service to one year would require 15 billion rubles more than the current salaries and living expenses for enlisted men over the five-year period under consideration, but this option, as was shown above, would add practically nothing to the effective number of enlisted men.

In our option, the required salary and living expenses for enlisted men and the accompanying additional payments to servicemen during this period rise by 37 billion rubles in comparison to the current expenses. But this money will increase the effective number. What is more, it will be spent on saving the RF military and putting a stop to the intolerable degradation typical of the present conditions of military service.

The difference between the expenses for carrying out the transformations according to these two options will be about 22 billion rubles, or less than 5.5 billion rubles per year. This amount is only 2 percent of the national defense expenditures for 2001.

In this case, the RF military will complete the reform of the recruitment system in 2005. Beginning in 2006, when the troops will start to receive advanced military technology and weapons according to the force-development plans, the servicemen using them will have appropriate training and will have consciously and voluntarily chosen to serve in the military.

Tables A4 and A41, and Figure A3 show the results of financial and economic comparison of the options.

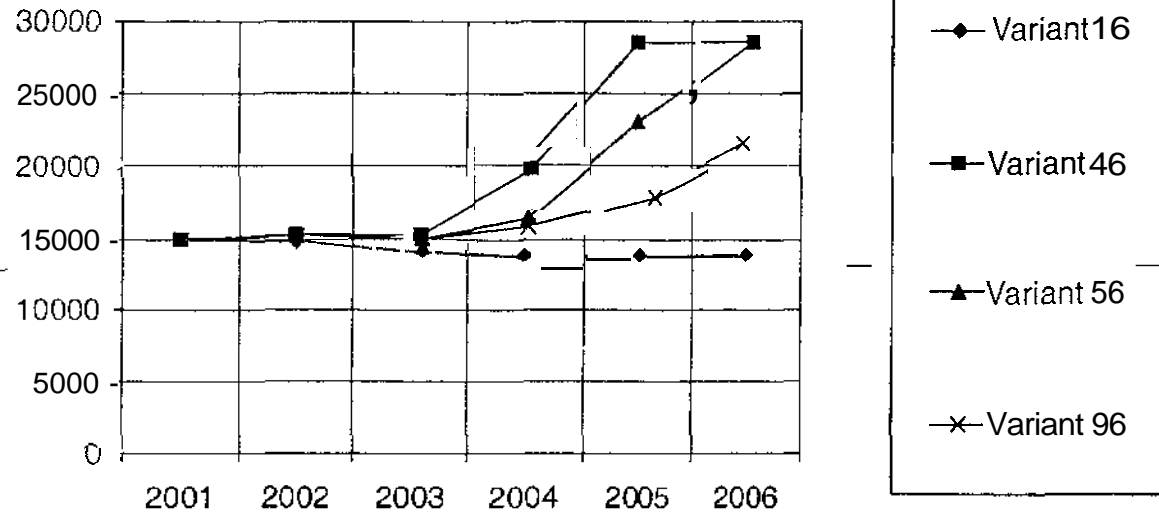
4.3. With respect to social tension, the option that we are proposing was and still is the best. It not only calls for starting the reform process in 2003, which is very important for society, but also for increasing payments to contract servicemen (and, if necessary, to junior officers as well) and material compensation for regular-term servicemen who will complete their service during the reform period and will make it possible to carry out the reform successfully.

Table A3

Total Annual Salary and Living Expenses for All Categories of Enlisted Men

Years	2001	2002	2003	2004	2005	2006	2002-2006
Option 16	14,896	14,832	14,029	13,759	13,759	13,759	70,138
Option 46	14,896	15,225	15,249	19,751	28,493	28,493	107,211
Option 56	14,896	15,225	14,999	16,501	23,016	28,493	98,234
Option 96	14,896	15,225	14,999	15,809	17,782	21,610	85,425

Figure A2



It is also exceptionally important that service under the draft will be turned into mainly learning a military specialty, reduced to a minimum term and separated from the regular troops (forces).

4.4. With respect to the criterion of maintaining and supporting a militarily trained reserve, the options are approximately equivalent.

Integral consideration of the options and their comparison with respect to all of the criteria confirms the desirability of our proposal and also makes its advantages more obvious.

5. Qualitative assessment of the prevailing situation and motives for promoting the proposal under consideration. In addition to the results of comparing the options with respect to formalized criteria set forth above, we will point out the following. The stubborn refusal by some military leaders to change over to a voluntary principle of recruiting enlisted men for the military and efforts aimed at preserving forced military labor are explained, judging from publications in the mass media, by a number of factors, among which we can single out the following:

(a) the desire to have authority over servicemen who are ready to do any work not in the least related to their functional duties, so long as this work permits them to make it through to the completion of their military service and safe demobilization. It is not hard to use such subordinates for selfish ends;

(b) ordering regular-term servicemen to do work that could be done by low-skilled civilian workers. Without the ability to organize the appropriate labor, furnish tools and gear for the workers, and provide the necessary compensation, such jobs remain vacant. Another factor is the inability to organize the servicemen's daily routine by distributing basic and auxiliary duties among them fairly;

(c) the enormous amount of criminal money (hundreds of million of dollars according to the roughest estimate published in the mass media) flowing through draft-commission workers from draftees trying to illegally evade military service under the draft.

From an economic point of view, the most important thing is still the unattractiveness of military service under contract, since the monetary allowance for a contract private in 2002 (after all the planned raises), as expected, will not exceed 2,500 rubles/month

Table A4

Increase in Total Expenses in Comparison to 2001 (million rubles)

Years	2001	2002	2003	2004	2005	2006	2002-2006
Option 46	0	393	1,220	5,992	14,734	14,734	37,073
Option 56	0	393	970	2,742	9,257	-14,734	28,096
Option 96	0	393	970	2,050	4,023	7,851	15,287

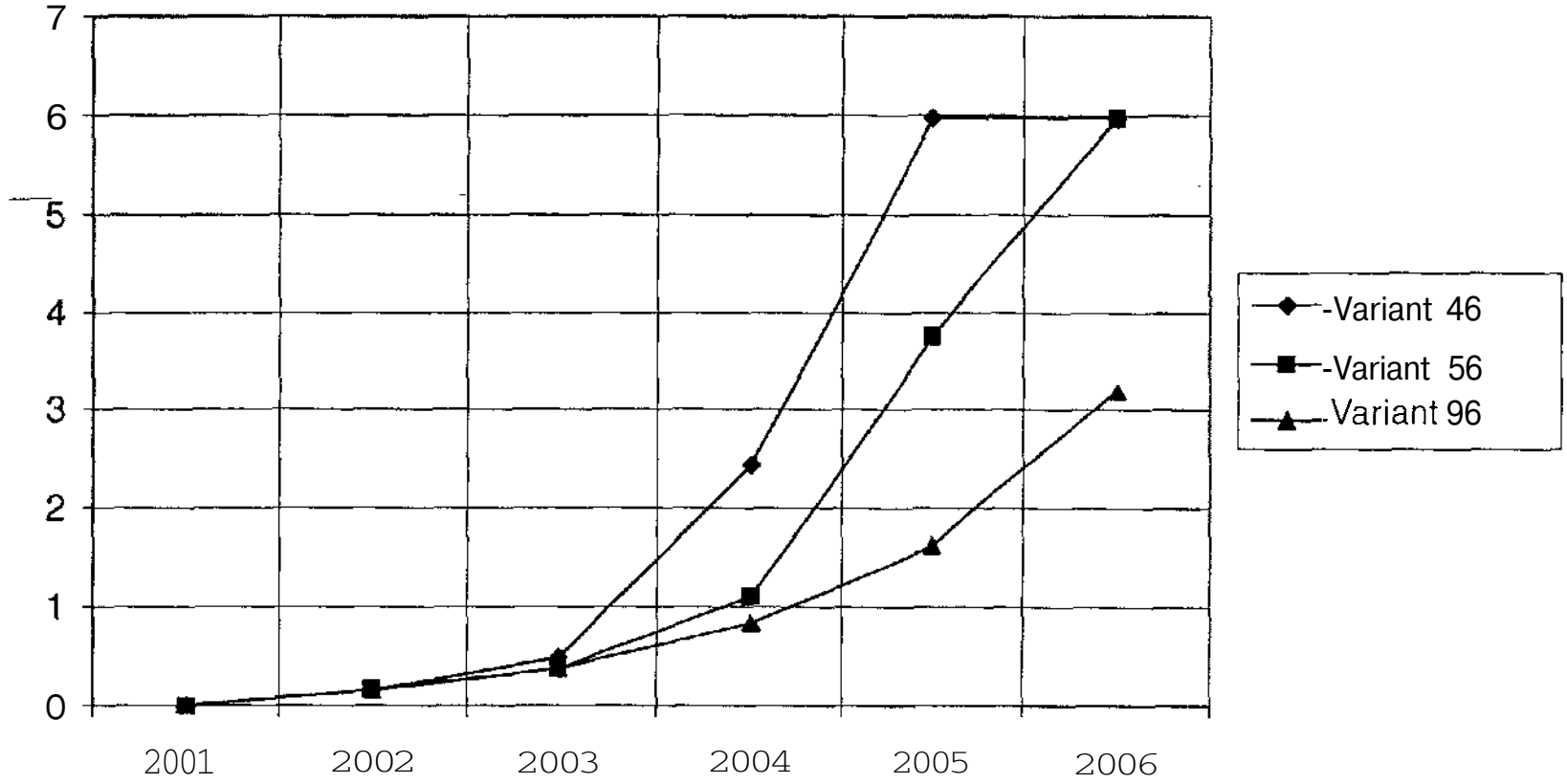
Table A4a

Ratio of Increase to Total National Defense Expenditures (%)
(Total actual* national defense expenditures in 2001, 246,712)

Years	2001	2002	2003	2004	2005	2006	2002-2006
Option 46	0	0.16	0.49	2.43	5.97	5.97	15.03
Option 56	0	0.16	0.39	1.11	3.75	5.97	11.39
Option 96	0	0.16	0.39	0.83	1.63	3.18	6.20

*See the report on budget execution for 2001.

Figure A3



and will remain significantly below the average salary for the country. We will note in passing that for the same reason a significant number of the graduates of military educational institutions decline to serve in junior officer positions after receiving an education and are demobilized, and the shortage of junior officers is 90 percent filled by graduates of civilian institutions of higher education drafted involuntarily. If the material situation of servicemen is not improved, then in the not too distant future, only some categories of senior officers and generals will be left in voluntary service.

The proposal to reduce the term of service under the draft from two years to one year will not eliminate the prerequisites for wrongdoing indicated above, which occur as a result of the existing organization and duty of military service, and does not contain economically expedient measures.

Conclusion. The "compromise" proposal put forward by the chief military leaders, which would reduce the term of military service under the draft to one year and start the transition to the new recruitment system in 2004 should be rejected. It is best to begin the reform in 2003 and reduce the term of service under the draft to six to eight months.

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