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The Military Are Drafting Money

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The problem is not the enormous defense spending, the problem is wasteful spending.

529 billions of rubles or 18 billion dollars is the current defense budget. The former Defense Ministers, Igor Rodionov and Igor Sergeev, would have been overjoyed to have this sum at their disposal: in 1990es, the Russian military budget never exceeded 5 billion dollars. In 2005, the country's military budget will be 5 times larger than it was in 1999, but the current military chief, Sergei Ivanov expressed, at a Cabinet's meeting, a mild displeasure with the size of his budget. As it turned out, he felt that the military budget though increased by a third, as compared with the previous year, and comprising a third of budgetary spending¹, could satisfy needs of armed forces “only minimally”. And that provided that tariffs of “natural monopolies” (electrical power, rail transportation, etc.) would not increase, which certainly will not be the case considering present explosive economic growth.

Moreover, as it was implied by the President's assistant for military technology policy, General Aleksandr Burutin, our military counted on 3.5% of the GNP, which is how much they think the state is obligated by law to spend on defense, and not the 2.7% that it will be actually spending. They fail to take into account that at the time when Yeltsin decreed these notorious 3.5%, in 1997, the total state budget was several times smaller than the present one.

It looks like the Defense Ministry considers their own incessant complains about the lack of funds as a kind of a magic incantation. What if the President momentarily forgets that Defense Minister Sergei Ivanov is his best friend and asks him why is that that the constant grows in defense spending does not lead to, at least, some minimal improvements in the situation with the armed forces? This contingency requires an argument ready to hand: the Defense should be always ready to blame everything on the lack of money.

As far as we understand, the persistent gap between needs of the military and the country's ability to satisfy them has several causes. First of all, there is an objective factor: the Russian and the American armed forces, the latter being the mightiest in the world, are comparable in size and are comparably equipped. And if, to counter economic disparity between the two, Russia could cut cost of upkeep of the military personnel, cutting on upkeep of the

¹ Actually, according to official figures, the defense budget stood, in 2005, at 17.4% of total budget expenditures.

military hardware (tanks, planes, strategic missiles) is more problematic. If one tries to do that, planes begin falling from the skies and missiles launches fail, just as we witnessed this winter during the North Fleet training exercises. Meanwhile, Ministry of Defense feels that the armed forces have reached the optimal size, the position it has stated repeatedly. Unless their position changes, rest assured that our armed forces will never have in their disposal sufficient funds to provide for their normal functioning.

Solution of this problem would require Kremlin to demonstrate political will. But the military have other tricks up their sleeves to make it look like the country is failing to fulfill its obligations toward the armed forces. First of all, it concerns defense procurements. This is the expenditure item that received the largest increase in the 2005 budget, over 40%. However, virtually nothing is known about how this money will be spent. According to General Aleksandr Burutin, the priorities are “nuclear deterrence forces, general purpose forces”. In other words there are no priorities defined, and, most likely, this not insignificant sum will be dispersed among remnants of the Soviet military – industrial complex. As the result, as before, the armed forces will get just a few units of equipment, as many as 14 (!) tanks, for example. Ironically, it looks like tanks in Russia, just as Rolls-Royce cars in Britain, are individually assembled. Meanwhile, it is a well know fact that large scale production would have reduced cost per unit by several times. But what does the Ministry of Defense care? Moreover, it says that it intends to preserve manufacturing base for production of the whole spectrum of armaments: from handguns to missile systems. This certainly leads to unreasonable fragmentation of resources.

However, this approach has a logic to it, which is that the military brass puts its bets on a large draft-based army. To arm it, the whole of the military industry should be kept alive. The same purpose is served by preserving the notorious mobilization capacities in civilian industries (3.5 billion rubles are budgeted to this end). Everybody knows that maintaining mobilization capacities puts management in shackles, since it costs much more than is covered by the defense budget. At the same time it is a lifesaver for ineffective managers, since enterprises with mobilization capacities enjoy protection from bankruptcy.

Finally we have learned, from the 2005 budget, how much the “costless” military draft costs us: the budget provides over 7 billion rubles for draft registration and the call-ups of draftees. Another 2 billion rubles are provided for mobilization preparedness and training of reservists.

While over 16 billion rubles will be spend to transfer several military units and formations to contract based service, considerable sums, as we see, go to recreate the large Soviet style army staffed by draftees. But this kind of armed forces can function effectively only if they receive the bulk of the country’s resources. Clearly, even today, when Russia enjoys the gift of the high oil

prices, the level of support it can provide to its unreformed army leaves the army in a pitiful state.

Practically the same can be said about other state power agencies: the Federal Security Service and the Ministry of Interior². Their funding increases, but the money they receive is in no way the investments that can promote their development. Therefore, the 2005 budget could be called a militaristic budget not just because it proposes to spend a lot of money on the armed forces and other state power agencies. It is a militaristic budget, first and foremost, for the reason that it channels funds to prop up the militaristic state system, the system that has long outlived its time and that cannot meet the challenges of today.

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² An equivalent of a ministry of police. These three ministries, the Ministry of Defense, the Federal Security Service, and the Ministry of Interior, are usually referred to in Russia as “power ministries”.