1. Introduction

When Vladimir Putin became interim president of Russia on January 1, 2000, he was confronted with a staggering array of daunting tasks. After nine years of President Boris Yeltsin as commander-in-chief the army was in shambles; efforts at its reform had been ill conceived, inadequately supported financially and politically, ultimately, fruitless. The level of poverty, for instance among the Russian troops during the 1990s reached record levels and the problem of military debt contributed, among other factors, to the weakening of military prestige in Russian society. The sinking of the submarine Kursk in August 2000\(^1\) added more problems to reform the armed forces. Without any doubt the incident had a huge impact on Putin’s authority as well as on a presumable model of the military authoritarianism. The urgent need to restructure and reorganize the whole military system was confirmed during a series of the meeting of the Security Council autumn 2000\(^2\).

From the beginning, the president was aware of the need to rebuild the armed forces into a reliable instrument of power. In this regard, the second war in Chechnya helped not only to secure his election but also to boost morale in, and societal support for, the military. Once coming into office, Putin made armed forces reform a priority.\(^3\) His plan included trimming Russia’s 1.2 million military personnel by nearly one-third, modernizing weapons arsenals, improving the condition of the soldiers, gradually abolishing the draft, turning the military into a fully professional force and Putin seems to believe that when the amount of servicemen will grow in number, the period of regular army service will reduce (Herspring 2005 (2): 141). Thus, Putin’s regime during the past few years have been a critical phase in Russia’s development especially in the military spheres and it is important to make some judgments about his and his performance. In the light of this the chapter would make an assessment on the defence policy in regard to Putin and Military reforms, Putin handling on defence industry and Putin’s relationship with the armed forces in strengthening the control of the political authorities.

2. Putin and military reforms

With the assumption of Vladimir Putin to the presidency on December 31, 1999, the military’s situation started to change, although not with the speed and determination that would ultimately be required. (Baev 2004: 43). When he took
power in early 2000, he promised higher defense spending, including higher salaries (Taylor 2000: 2). His handling of the second Chechnya war met with considerable favor in military circles, which saw the president as giving the armed forces a freer hand. This seemed a positive development given the rising belief among Russian military personnel (and others) that the first war was “lost” because civilians insisted on a peace treaty—whereas the military could have won given enough time (the situation on the ground in Chechnya in late summer 1996 suggests otherwise). Brian Taylor writes that Putin’s promises, combined with his general attitude of pride and effusiveness when talking about the military, increased morale as well as support for the new president (ibid 2000: 1-2).

Putin’s first term began with the adoption of a new National Security Concept and a new Military Doctrine, both of which were meant to provide guidelines for developing Russia’s military structures. The NSC focuses on a radical reappraisal of the situation in the world and in Russia’s international environment. It also defines Russia’s strategic goals of becoming an integrated part of the world political, economic and financial system. The main point of concern according to the NSC was of domestic nature, with political developments and economy being the central issues. Attention was also being paid to “national interests” who include protection of the individual, society and the state from terrorism. All parts of the concept connected with military problems have also been radically revised. Throughout the document, the term “defence” has been replaced by the term “military”. The concept puts forward a demand to raise the state’s military potential. “Our world is far from being safe; therefore, Russia must have effective armed forces, and army and a fleet respected in their own country and with which other countries would reckon. Only in this case can we counteract new threats to security”.

In April Putin adopted a new Military Doctrine. In August 11, 2000 the RF Security Council decided on reducing the Armed Forces by 365,000 troops (to an authorized strength of 1 million by January 2004), with mandatory measure to ensure the requisite level of basic qualitative parameters (resources available per servicemen, combat training expenditures per servicemen, amount of money allowances, outlays on subsistence per servicemen etc) (Pantelogiannis 2003: 26-27). Putin declared his intention to restore the country’s combat capability and to push for military modernization by re-engaging the domestic industrial base. In doing so, the president
hoped to re-establish the military’s reputation. To assist him, he appointed his most trusted loyal adviser, Sergei Ivanov, as the Head of Defence. Putin’s choice of Ivanov conforms to the pattern of personnel loyalties as the paramount criteria for appointment— in this case the loyalty is founded upon a common background in the security services (Baev 3 2001: 205). However, neither the military doctrine, nor the national security concept offered a constructive analysis of the revolutionary shifts in Russia’s security environment. As such, they could not provide useful guidelines for retooling the country’s military organization (Pavel 2004: 56). Many analysts have observed that it was in this respect that the Soviet character of the new doctrine statements was especially apparent, not because of textual similarities (the USSR never had a formal military doctrine until 1987, when Gorbachev decided that one was needed) but because of their references to a “besieged fortress” that had to rely on the military for survival.6

2.1. Putin’s initial military reform efforts

Putin after being elected as the President of Russia observed a heated disagreement between the Minister of Defence, Marshall Igor Sergeyev and the Chief of the General Staff, Colonel General Kvashnin about the future direction of the armed forces boiled into an open confrontation in the summer of 2000. Igor Sergeyev, a career nuclear missileer, wanted to continue to devote a large share of the defense budget to the nuclear forces, expanding and rapidly modernizing them. Kvashnin, an army officer who commanded forces during the First Chechen War, wanted to slow modernization of nuclear forces, move the Strategic Missile Force (RSVN in Russian) under the Air Force and use the savings to modernize and improve the ground forces, which he felt were more important to dealing with Russia’s current security threats7. (The Military Balance 2000-2001: 30-32). Putin brought the discussion under control and behind closed doors, but he realized then that he needed an outsider he could trust to plan and implement, rather than just argue about, military reforms, if he wanted them to succeed. Putin had promised Yeltsin to keep the old team on for at least a year, so rather than firing Sergeyev or Kvashnin.8 He took the job of developing a new reform plan from the Minister of Defence (MoD) and General Staff (where it had been since 1992) and gave it to the Security Council, chaired by his closest ally, former FSB General Sergei Ivanov (Petrov and Filipp Sterkin 2006: 109).
Shortly after, at the 11 August 2000 Security Council meeting, Putin issued the guidance on how he wanted to implement military reforms. First, every reform must be designed to organize the armed forces to meet the near-term threats to Russian security. Second, every reform, supported by careful analysis, should make the armed forces more efficient to eventually reduce public spending on defense (The Military Balance 2000-2001: 109-110). This then, is the essence of Putin's military reform vision: fix the military, but in parallel with and not at the expense of, the budding recovery of Russia's economic health.

The Kursk disaster on 21 August 2000, and the cover-up by the Navy and General Staff that left him looking foolish, in front of the Russian public, increased Putin's distrust of the military leadership. It also brought home how immediate and widespread the problems the military faced were. (Baev and Lilia Shevtsova 2003: 114-120). Therefore, even while Ivanov worked on plan, Putin moved out with some quick action. In September, he announced a cut of 365,000 billets that the Security Council had agreed to in August. This third major reduction since 1992 would take the military from 1.2 million slots down to somewhere near 900,000 (depending on how much the cuts were distributed among the armed forces (Galeotti 2000: 8-9). As expected, political infighting over how to distribute the cuts continued for months. Originally, the Defense Minister announced that the cuts would be distributed proportionally: 180,000 from the ground troops, 50,000 from the Navy and 40,000 from the Air Forces with the remaining 80,000 from the Interior troops. Then the General Staff suggested that the RSVN could be cut in half, but that went nowhere (ibid). Ivanov had the last word, stating that most of the cuts would come from the duplicative rear and logistics troops that each service and ministry maintained and few cuts would be made in combat or combat support units (although some would result from the planned elimination of intercontinental ballistic missiles- ICBMs- over the next decade) (Ivanov 2001: 1-2). In fact, with probably less than a million servicemen in the force because of the conscription shortfalls, junior officers departing as quickly as they could, and many contract troops leaving early, more than half of the cuts were a bookkeeping drill that eliminated vacant slots (Galeotti 2000: 8). Unfortunately, these cuts changed nothing in the basic structure. The Russian armed forces were not much different than a shrunken version of the Soviet military, with a cadre of officers.
and a large number of conscripts, designed to enable rapid expansion into, a mass army upon mobilization.

2.2. Appointment of Ivanov as First “civilian” Minister of Defence

At a meeting of the Security Council that was held in November 2000 and, on 15 January 2001, Putin signed off on the “Plan for the Build up and Development of the Armed Forces for 2001-2005”, but in a throwback of Soviet days, the document was classified top secret. Then, in March 2001, Putin put his own team in place, replacing Marshall Sergeyev as Minister of Defense with Sergei Ivanov, something he had probably been ready to do for months. Putin gave Sergeyev a quiet corner office in the Kremlin as his advisor on strategic forces. Then he fulfilled one of the long nourished goals of civilian military reformers by installing the first non-military officer as the Defense Minister (although Ivanov, a former FSB general, was not exactly a civilian) (The Military Balance 2001-2002: 105-106). Putin also filled the senior MoD positions with his or Ivanov’s allies (one notable reform was the appointment of the highly competent civil servant Lyubov Kudelina, who moved from the Finance Ministry to become the first senior woman in the MoD ever and the equivalent of the MoD comptroller). The fact that Putin has appointed a close ally to the defence minister’s job suggest he does consider military reform a top priority and resigned the principle that the military reform was given to the military “to preoccupy themselves with” (Lopata & Ceslovas 2001: 2) It was obvious that Putin by appointing Ivanov, rather than Kvashnin, to replace Sergeyev, he was able to keep the generals in check.

By naming Sergey Ivanov as the Defence Minister in March 2001, Putin signaled the elevation of the MoD over the General Staff. There were also some disputes between the Ministry and the General Staff. First, Kvashnin and the generals were aware of the close relationship between the President and the Defence Minster and were mindful of the risks of antagonizing Ivanov. Second, the Defence Minster had come around to support many of the General Staff’s views regarding doctrine and military reform. For example, as SC Secretary, Ivanov approved a cut of 480,000 in the armed offices’ manpower in 2000, but three years later, as Defence Minister, he stated that force reduction was completed even though hardly any of the personnel
cuts had been implemented\textsuperscript{10}. Third, unlike Sergeyev, Ivanov had not played favorites among the branches of the armed forces (Barany 2006)

The emergence of civilian defense specialists according to some writers has continued obsessive secrecy in Russia, in the words of Zoltan Barany (2008) - virtually everything having to do with security and defense is considered a “state secret” - which has deterred individuals from trying to acquire expertise on defense matter. On the minister of financial affairs over the past decade two of Kudelina’s predecessors have been dismissed. This way Putin claimed to have begun demilitarizing Russia and proved he really considers military reform a top priority. (Pantelogianins 2003: 29). Roger N. McDermott opined that, in appointing a close colleague and a civilian as Defense Minister, Putin strengthen his own control over the armed forces (Dermott 2005: 262). So, with the help of Ivanov, Putin proceeded in a number of changes focused on avoiding redundancy and saving money, living the important changes for later.

3. Putin’s Reform Plans

Putin came to power with a gut belief that the military was in need of serious reform in a number of areas, but with few detailed ideas. However, once Ivanov had worked out a plan and Putin had tweaked it, things started to happen. The plan, most of the details of which had leaked out by April, continued the trend of previous reform plans by focusing on manpower cuts and organizational and structural changes, but did address efforts to improve the lives of service members. As Ivanov wrote, the purpose of the plan was to bring the armed forces’ “...structure, composition, and numerical strength into conformity with the character and direction of threats to Russia’s military security and with the financial and economic capabilities of the state.” (Ivanov 2001: 1-2) Here are the key points from the plan and the meetings that preceded it, broken out by major areas (The Military balance 2000-2001)

3.1. Organization and Structure of the Combat Forces

- In 2006, the military would move to a three-service structure, consisting of the Ground Forces, Air Force and Navy, with three lesser branches: the Airborne Forces and two branches created by breaking up the fourth service, the RSVN.
- RSVN, reduced from a service to a branch, would contain the ICBM forces and would move under the air force in 2005. MoD would separate military space forces and missile defense units from the RSVN in 2001 to form a new military branch, the Space Force. A victory for Kvashnin, this action unraveled the 1997 merger of the three forces.

- The number of operational strategic nuclear warheads would be reduced to 1000-1500, but by letting the ICBM force decline gradually as each missile reached the end of its service life, rather than retiring many early as Kvashnin proposed. As a modest replacement of the retiring systems, Russia will buy about 10 new Topol-M missiles each year and refurbish some SS-25s to extend their life.

- Priority of effort would go to improving the ground forces, which the MoD had significantly weakened by neglect and poorly planned reforms in the 1990s. The number of permanent readiness units would increase, mainly in the south and southwest regions (Ivanov, 2001: 1-2).

- Putin further confirmed his emphasis on conventional, and especially ground, forces by reestablishing the post of Commander-in-Chief, Ground Forces and appointing Colonel General Nikolai Kormilsev to that position, as well as making him a deputy Minister of Defense (the Navy and Air Force chiefs are not deputy ministers). This also undid another 1997 Sergeyev reform (ibid: 2)

- Further accelerating the shift of power to the ground forces, the six MDs were placed under the Ground Forces Main Command, rather than directly under the operational control of the General Staff (ibid)

- The air force and navy were hardly mentioned, except the air force was to ensure it could help localize armed conflicts (obviously referring to Chechnya) and the navy was to get rid of redundant staffs and obsolete weapon systems.

- In an attempt to rein in the other armed forces, the plan tasked the MoD to create a command and control system that provide would centralized command of the armed forces, but allow initiative and independence at lower echelons.
3.2. Organization and Structure of the Logistics, Research & Development (R&D), and Procurement Functions

- The MoD would revamp the entire contracting system, starting with the creation of a single arms development and procurement plan for the entire MoD and all other armed forces. The goal was to reduce the expense of having each service design and purchase their own weapons with their own contracting bureaucracy. The varieties of similar weapons would be reduced and contracting centralized, ensuring the highest priority purchases got the funded first.

- The MoD would also merge the multitude of logistics and rear support systems. As it stood, each service, branch and ministry had its own supply, logistics, medical and other service organizations and units. Within each MD, these functions were to be combined under the MD commander, who would then have the mission of supporting all armed forces either stationed in or deployed to that district. As discussed above, Ivanov felt that this area and the merger of the contracting system would provide many of the 365,000 cuts planned.

- The vast and inefficient military training and education system (much left over from the Soviet days) was also to be optimized, by reducing the number of small institutions supporting only one branch or service and making the larger institutions joint. The curriculums were to be updated to reflect both the revolution in military affairs and to reduce the time needed to graduate officers from five to three or four years (to help fill the junior officer vacancies quickly).

- Much like the procurement, logistics, and training functions, the military laboratory system was to be rationalized and restructured to support all the services, based on an annual approved research plan.

3.3. Funding

- The government would no longer split military funding equally between the services, but would divide it based on the priority needs of each service.
Further cuts of 365,000 troops would be prudent and provide badly needed money for the other reforms.

Funding for all ground forces would be increased, mostly with new funds, not from elsewhere in the defense budget.

The plan emphasized that MoD intended to shift the funding ratios within the armed forces over the next decade. In 2001, about 70 percent of the budget went to personnel, operations and maintenance, while 30 percent was spent on R&D and procurement (both new systems and upgrades). Both Putin and Ivanov plan to change the ratio to 60/40 in 2006 and 50/50 by 2011. In other words, they would provide funding in 2001-2005 to improve the lives of the servicemen and provide more training, fuel and spare parts, while later, the money would be spent on reequipping the force.

3.4. Social Protection of Servicemen and Their Families

The plan called for stopping the decline of “social protection standards” (pay, housing, retraining, etc.) in 2005 and, by 2010, bringing those standards back to where they ought to be to reflect the “significance, complexity, and intensity of military service.”(Galeotti 2000: 8)

The plan called for legislation to link military pay to federal civil service pay by duty position from 1 January 2002 and by rank from 1 January 2003. Thus, from 2003-2010 pay by rank would be made 50 percent higher than civil servants and pay by position would be made 100 percent higher. All of this was planned to raise the service member’s pay 60 to 100 percent.

Develop a program for retraining and housing servicemen released from service and their families.

While this was an ambitious plan, so were many others proposed in the decade since the Soviet Union crumbled. However, there were several problems, firstly, the increased budgets have resulted in improved, but not great, pay; more, but not enough, fuel and spare parts; and some new gear, albeit, no major weapon systems. Secondly, the Chechnya was simmering a hot spot, (in doing so, violating a lot of human rights) (Beasley 2004: 60). Thirdly, the higher budget was well short of what
the military needs to eliminate numerous training and maintenance shortfalls. There were more than 135,000 officers waiting for their promised housing\textsuperscript{11}. Fourthly, the spring draft was another in a long series of failures: draft dodging, poor health and numerous exemptions continue to make manning the vast majority of the military and the contract was an on-going challenge\textsuperscript{12}. Finally, corruption, crime, and suicide continue to haunt the force. A survey found that less than half the 16 year olds have confidence in the military, while there was nearly universal concern about \textit{dedovshchina} (Gerber and Sarah \textsuperscript{2003}). Nevertheless, Putin had four things going for him that Yeltsin never had: Firstly, Putin believed that military reform was vital to his goal of remaking Russia, so even if he had the wrong plan, he was determined to move out with reform and fix his plan as he went, rather than just keep talking; secondly, Putin took the reform process out of the hands of the bickering generals and gave it to someone he could trust and who had his full support; thirdly, the military brass, having seen peers get fired, realized that Putin would put up with discussion, but not overt nor covert hindrance; lastly, to his great good fortune, Russia’s economic doldrums ended as Putin came to office.

\textbf{4. Putin plan for Professional armed forces}

On 21 November 2001, Putin made up his mind to begin the long delayed change of the Russian armed forces from a conscript force to a partially professional, volunteer force. Putin decided to make the changes without jeopardizing the improving economic situation; hence, “the number of contract soldiers...will increase gradually, from year to year...in accordance with the economic capabilities of the state.”\textsuperscript{13} The main objective for a partial professionalization of the armed forces was adopted in 2003 over the period 2004-2008. In particular, the reform programme emphasizes the need for reductions in force size, a gradual decrease in the use of conscripts in favour of professional soldiers, the creation of a professional non-commissioned officer corps, drastic changes to officer training and education, and greater political oversight of military spending (Herspring (2) 2005: 146-148)

During Putin period full professionalization at unit level remains a target which applied first to the airborne forces and formations designated for operations in the areas of conflict. It took the MoD and General Staff most of 2002 to flesh out the professionalization plan. This was due to arguments about which units to convert and
in what order, what type of facilities to build and where, how much the infrastructure work would cost, what pay scale would attract and retain contracted troops, how long the contracts would be and who would be offered them, what role conscripts would play, and many other issues. But even though the military leadership argued about the timetable and amount of change, no one tried to overtly or covertly block the plan, as they had done successfully many times in the 1990s. (Galeotti 2002: 49). As Dr. Mark Galeotti reported at the time, “Putin has made it clear that he will not tolerate open dissent or the kind of challenges to presidential authority which were common under Yeltsin.” (Galeotti 2002)

In the meanwhile, Putin was active on many fronts. He pushed the conversion idea in his April 2002 State of the Nation address. He worked with the Duma to change the law so military pay scales would match the Federal civil service pay scale, based on expertise and rank. He directed the government provide enough money for the conversion plan. Putin also laid the groundwork for his efforts to improve the patriotic feelings in Russia (and not incidentally raising the prestige of military service) by reintroducing mandatory basic military training in high schools and civic organizations.14

On 22 November 2002, Putin approved the MoD draft plan and gave the Prime Minister until June to coordinate it through the rest of the government ministries. Because of a lack of funding, and because no one knew how the conversion process would work, MoD decided the first phase would be the experimental conversion of an airborne division, which Putin had approved in the summer of 2002. Phase Two, was started in 2004 and going to 2011, involved the conversion of the permanent readiness military units in the Ground Forces, Airborne Forces, Air Force, Navy, Space Force, and Strategic Missile Force, starting with those units who routinely deployed to or were stationed in Chechnya (including the army’s 42nd Division and the MVD’s 106 Brigade).15 The third phase, whose timing was undetermined, would include most remaining military units. The key to the whole plan was the idea that conscripts would still be called up and given six months training, at which point they could sign a contract and move into the professional (and much better paid) ranks, or they could finish their conscript service doing basic military duties and get out. This would ensure a large mobilization pool, while providing the field units with contract troops needing only tactical unit, rather than
basic military, training. The plan also said that the MoD would cut conscript service to 18 months in phase two and possibly six months in phase three.\(^{16}\)

The MoD chose the 76th Airborne Division, stationed at Pskov (southwest of St. Petersburg), as the first unit to convert and on 1 September 2002, the division began the transformation. Over 2.6 billion rubles (around $89 million), funded mainly from the existing budget, was set aside for the conversion of the division, of which 75 percent was for infrastructure such as new barracks (with four person apartments rather than open bays), family housing, recreational facilities, and improved training facilities, with the rest for increased salaries for the sergeants and privates (The Military Balance 2002-2003: 85). The Ministry’s goal was to complete the conversion by the end of 2003 and on 22 December 2003 Ivanov was able to report to Putin that the more than 5,000 men in the unit were all on contract, including the first regiment, which was serving in Chechnya (ibid)

Formally, the professionalization experiment started in 2004 and it was supposed to produce results by the end of 2007. Full professionalization at unit level remains a target which was applied first to the airborne forces and formations designated for operations in the areas of conflict. Main contingents of the airborne forces were transferred to service by contract by 2007. According to the official statistics, there were several units that have already been fully professional, such as the 76th Airborne Division in Pskov and the 31st Airborne Brigade and 42\(^{nd}\) Motor Rifle Division deployed in Chechnya. The 98\(^{th}\) Airborne Division in Ivanovo was fully professional on June 1, 2006. The 106\(^{th}\) Airborne Division was also to be partly professionalized, with draftees and volunteer servicemen combined. The 21st Airborne Battalion in Ulyanovsk started transformation by 2007\(^{17}\). Naval crews were named as the second tier priority of forces selected to be transferred to contracts (RIA Novosti: 2006). The drive to transfer the majority of the services to contracts also has affected the MoI, Border Guards, etc. There were comprehensive transformations taking place in the MoI’s units and the Special Forces.

However, there were several problems with the process of professionalization of the armed forces and other services. First was the difficulty in adhering to the time schedule or annual targets for getting young men to enroll in military service on contract. There was an unresolved dispute between the Minister of Defence and
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Minister of Defense staff in their assessments of the time frame needed to achieve the proclaimed goals. According to the public statement of the Minister of Defence, the MoD was to have 130-140 thousand contracted servicemen, or 50 percent of all army personnel, as professional forces by 2007. By 2007, it was intended to have cut conscription from a 2-year to 1-year period of service and to reduced the period of alternative service from 42 months to 18. But the number of those volunteering for contract service was not meeting annual targets. For instance, in 2004 the number of those registered for contract service in the Moscow Military District was only 17 percent of the targeted figure; in the North Caucasus, 45 percent; in the Volga-Urals, 25 percent (The Military Balance 2005-2006: 151).

Second, the Minister of Defense was faced with the problem of keeping up to numerical strength those regiments that already have been transferred to contract service. Moreover, according to the Military Prosecution Office, an increasing number of contracted servicemen from the aforementioned units were relieved of duties for drunkenness and violence. Also, there was an increasing tendency for soldiers serving under contract to fail to return for duty after vacation.

Third, double-booking had been occurring, as when contracted servicemen were induced to re-register in particular other regiments or units in order to serve the government’s ulterior purposes. For instance, 1,000 servicemen from the 42nd Motor Rifle Division deployed in Chechnya were induced to re-register with the 46th Motor Rifle Division slated to take over in Chechnya from the 42nd, thus conveniently keeping them deployed in the region (Isakova 2006: 22).

Moreover, financial and organizational difficulties were among the reasons for these problems. There was almost no financial incentive to join the service by contract. Irregular payment and low salaries in comparison with the civilian sector were the rule. (The contracted soldier’s monthly salary is about 5,000-6,000 rubles if he serves locally and about 15,000 rubles if he is sent to a conflict area.) The low pay was among the reasons named for why over 2,000 volunteers quit the 76th Pskov Airborne Division, according to Komsomolskaya Pravda (Komsomolskaya Pravda: 2006). Indeed, by November, the experiment had stalled because of a lack of volunteers, it was supposed to attract 2,600 contract troops, but by the first part of October 2002, it had only recruited 749 candidates, and of them, “four hundred passed
the medical exam, and two hundred and fifty signed a contract.” (Herspring 2005(3): 193) In addition, the standard of living of servicemen deteriorated considerably with the cancellation of the traditional social benefits to them as part of the national social and economic reforms that were introduced in 2004-05.18

4.1. Enhancing the Draft System

The most important question of the future of the Russian military is whether its manpower is going to be based on volunteers, conscription, or some combination of the two. Responding to the widespread public aversion to the draft, Yeltsin famously promised in the 1996 presidential campaign to abolish mandatory military service and create a fully professional army by 2000. This has not happened, even though until 2003 there were still opposition parties in the legislature with sound reform proposals aimed at the creation of an all-professional force. Conscription is gradually being phased out with the idea being to have smaller, better-trained and motivated troops who are paid a decent salary. Such contract-based forces (kontraktniki) are becoming more and more evident. This move towards “professionalization” began in the 1990s under Yeltsin, but continued more determinedly under Putin. During Putin’s tenure, this process began with the Airborne Forces (specifically, with the 76th Airborne – now Air Assault – Division based in Pskov), which is now fully manned by contract troops (Thornton 2007)

One of the main problems surrounding the draft is that only a small proportion of young men (9 percent to 11 percent) actually serve. There are many ways to legally avoid military service, and those who cannot avail themselves of one often bribe the appropriate officials. About 40,000 a year- a sufficient number to staff three and a half divisions - simply dodge the draft. The military ends up with the least desirable men of their cohort. Data on the 2005 conscription cycle show that 70 percent of those called up for service were medically unfit, 45 percent had never held a job or studied at the postsecondary level, 5 percent had criminal records, 25 percent had not finished high school, nearly one-ninth were alcoholics and/or regular drug users, and some were illiterate (Barany 2007: 64). For tens of thousands of youths every year, the way to evade conscription was to enroll at a civilian college or university where military training (in so-called “cadet departments”) was available. This allows students to qualify as reserve officers without actually serving in the armed forces. In recent years
these departments have produced about 150,000 to 180,000 reserve officers annually, about ten times more than needed (ibid)

4.2. On draft Reform

On May 10, 2006, President Putin confirmed that no shift to an all-volunteer force was envisaged. Thus the draft system, strongly defended by the top brass remained in place despite mounting public objections (Isakova 2006: 26). Russian President Vladimir Putin speaking in a special interactive webcast, organized by the BBC and Russia's Yandex website on 6 July 2006: Putin opined that, “We cannot do without conscription for economic reasons but the numbers should come down. From January 2008 the term of service will be 12 months. The number of career soldiers will increase”. In order to deal with the numerous challenges to effective mobilization, the MoD undertook measures, on the one hand, to increase the mobilization base for conscription, and on the other to upgrade the quality of those called to join the armed forces. These policies are aimed at attracting new recruits to serve in the military and at increasing the period of military service up to 20 years. The MoD primarily sought to upgrade the physical readiness of those to be called to join the armed forces. In 2005-2006, several new policies were tested in order to improve regular enrolment process.

a) First of all, nine conditions for the military service deferral were stripped from the existing list. Under the term of the bill the period of military service was a two step process, the bill reduce the military service to 18 months that was started in 2007 and to 12 months in 2008 for men between the ages of 18 and 27 and to dropped some legal excuses for non-conscription from the law (such as non-conscription of rural doctors and teachers, of men who have a child younger than 3 years, etc.) from the 1st January 2008. Also full-time students graduated from civil university with military education were to be free from conscription from 1 January 2008 (Wikipedia Encyclopedia). The MoD’s hope is that the outcome of these reforms will significantly improve the size and quality of its conscript pool (Barany (3) 2008: 45)

b) Second, the MoD introduced more liberal requirements for the alternative military service, reducing it from 36 months to 18 months. However, along with this approach, professional occupation in the police and fire fighting
department were excluded from the list of an alternative military service. In January 2007, 51 conscripts out of a total 123,000 conscripts chose the alternative military service; even fewer than in the spring 2005 conscription cycle (186 out of about 155,000) (Isakova 2007) There were also reports that military commissioners demanded bribes even to accept applications for alternative service (Barany 2008)

c) Third, the MoD proposed a series of programs to increase levels of physical fitness and education among conscripts. This includes a system of rigorous medical screening of young men eligible for military service. Thus, hospitals are required to send data on potential draftees’ medical conditions to local military district commissariats throughout the year. Thereby making the medical vetting of a draftee much more difficult to deceive. However, this program raises concern of the NGOs and civil liberties organizations as it is feared that without the introduction of specific regulations to accompany the obligatory submission of the medical records, the rights of individual patients could be violated after the service period (Isakova 2007: 78-79; Isakova 2006: 28-29)

d) Finally, special military training and education courses are reinstated in secondary schools and sports clubs. The purpose is to enhance potential draftees’ physical fitness, educational and level of professionalism. Special training programs are introduced in military commissariats for physical training of future conscripts (Irina Isakova 2007: 79). The MoD provided pre-service training in 40 specialties needed in the military service. According to the available data, in 2007 the MoD transfers around 1.5-2.8 billion Rubles for pre-service training. With the introduction of a 12-month service, around 130,000-140,000 conscripts enter pre-training centers. The MoD was also attempted to establish an additional link with defense industrial sites to widen employment opportunities among former conscripts (Giles 2007: 15-17).

The Russian MoD was also determined to increase the number of contract based conscripts by 2008-2010. Thus, the ministry aimed was to recruit one third of new conscripts based on the compulsory system and two thirds on voluntary contracts. This decision was guided primarily by the deteriorating level of
professionalism among conscripts and a general demographic shortage in the reservist pool. In order to increase professionalism among the armed forces, the MoD gradually established comprehensive military education programs, better training facilities and indirect social benefits, especially to low housing mortgage for military personnel. These policies were aimed at attracting new recruits to serve in the military and at increasing the period of military service up to 20 years. In 2005-2007, the MoD considered tackling the following set of problems:

i. The MoD introduced stricter rules for application to those who fail to comply with the terms of contracts.

ii. To promote contract-based military service, the MoD supported the creation of military centers at civilian universities and colleges for promotion of professional military service.

iii. The MoD has introduced a new clause in the contract for those receiving military education. If, after graduation from a military college or institute, the serviceman decides to leave the armed forces and work in the civilian sector, the graduate has to pay the full cost for his/her education after discharge.

iv. As an indirect financial incentive to boost service by contract as well as to increase the number of serving officers, the MoD has introduced a program of liberal home mortgage benefits. They are given to those who join the service in or after 2005 and are planning to serve in the military for no less than 20 year\textsuperscript{21}.

v. The army’s contracted sergeants now have the status of intermediate personnel, ranking between soldiers and officers. They are responsible for training new conscripts. These changes were driven by the need to curb widespread hazing in military institutions, as well as to combat other types of crimes among military personnel. The contract-based soldiers’ advanced status will also increase the level of professionalism in the military (Isakova 2007: 77-78). Thus, these measures were not just a reaction to the public condemnation of incidents of hazing, but rather a reasoned necessity for that aspect of defense reform calling for true military professionalism.
All these changes have long-term goals aimed at addressing not only demographic loopholes in recruitment, but also the profound reductions in the quality of military recruits. This imbalance was a deficiency since the recruitment pool ought to be “socially balanced” and, most importantly, “better ready for new generation equipment and new military tasks.” The military would like to upgrade the educational level of all recruits. Special attention is being given to the new generation of recruits in view of the important procurement programs being implemented by 2008-10. In the year 2000 assessments, qualitative changes in the mobilization base were targeted for achievement by 2010. Meanwhile, the closing of deferment loopholes is supposed to provide the military with more boots on the ground, obtaining recruits, first of all, from the regions with higher-than average unemployment among young men, as well as rural areas. The selection process is intended to ease social tensions while preserving recruitment potential from higher educational backgrounds for future mobilization campaigns.

4.3. Problems in Human Resources

Conscription must be expanded, nevertheless, as long as Russia does not commit itself to an all-volunteer army. This is especially so given the reduction in the term of service and, more important, owing to the dire demographic situation identified by Putin as the most serious problem facing the country. Demographers predict that by 2050 Russia’s current population (about 142 million) will decline to between 122.6 million and 77.2 million. At present, the population decreases by about 800,000 annually, a trend that is unlikely to be soon reversed given Russians’ life expectancy (the shortest in Europe at 58 years for men and 72 for women) and relatively low birthrate (9.95 per 1,000 people) (Barany 2008: 46) Moreover, the birth rate in Russia cannot support the figure as, 350,000 are needed every year to maintain the armed forces at 1.1m and with the length of service is cut in half, 700,000 will be required, the expectation is that after 2010 the annual available pool of young men will only total 600,000. Thus even if every young man is called up – a patent impossibility given medical reasons alone – the armed forces would still be shrinking (Thornton 2007)
The demographic challenge has been neatly summed up by military analyst Pavel Felgengauer, who could not make figures provided by the Defence Ministry add up:

"[Defence Minister Sergey Ivanov] has repeatedly stated that at present the army calls up around 350,000 recruits a year. The contingent will increase to 700,000 a year when the duration of military service is cut to one year. Where will the Defence Ministry find this many conscripts? The ministry will cancel nine types of recruitment deferral. This will let the military call up around 90,000 [more] young people a year. This is enough for 2008. What then? The demographic situation will be disastrous. There will be only one million youths in Russia in 2008, 800,000 in 2010 and 600,000 later. Even if the military call up everyone they will not be able to support the existing structure of the army."²²

Felgengauer’s figures for available 18-year-olds tally with the results of the 2002 census and with independent projections on the basis of Russia’s very high mortality rates. The census showed a fall of 43 per cent in the number of children of both sexes under 10 between 1989 and 2002, and a rapidly widening gap in the numbers of males and females, again due to high male mortality. Male births in Russia have indeed plummeted, and the further ahead the conscription year, the smaller the maximum possible number of available 18-year-olds: (Human Mortality Database)

Table 3

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<thead>
<tr>
<th>Birth year</th>
<th>Male births</th>
<th>Draft year</th>
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<tbody>
<tr>
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<td>2005</td>
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<tr>
<td>1988</td>
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<td>1991</td>
<td>923,319</td>
<td>2009</td>
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<tr>
<td>1992</td>
<td>816,757</td>
<td>2010</td>
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<tr>
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<td>708,689</td>
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<tr>
<td>1994</td>
<td>724,818</td>
<td>2012</td>
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<tr>
<td>1995</td>
<td>700,191</td>
<td>2013</td>
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Chapter IV Putin and Military Reforms

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<td>1996</td>
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<td>2014</td>
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<tr>
<td>1997</td>
<td>648,195</td>
<td>2015</td>
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<tr>
<td>1998</td>
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</tr>
<tr>
<td>1999</td>
<td>626,149</td>
<td>2017</td>
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Over the last few years the trend of live births has shown a slight improvement: but this will not feed through into effective manpower until the 2020s. Meanwhile, to arrive at the number of available conscripts, the figures above need to be adjusted downwards not only for the numbers of male children who do not survive to 18, but also for the relatively small number of them found fit for military service. With about 70 per cent of potential conscripts rejected at the medical board stage (Giles 2006: 2), the proportion of those available who are actually drafted officially stands at 9.7 percent, a slight increase from 9.1 per cent in 2005 (ibid: 2)

Second is the problem related to the draftees, as one joint the service, draftees are commonly treated as serfs and the widespread and brutal hazing drives thousands to desertion, suicide, or violent crime annually. Low morale breeds poor discipline, which in turn causes frequent mishaps. According to the MoD 262 servicemen died in the first half of 2007: 37 in combat in Chechnya, 7 as a result of hazing, and 147 committed suicides (often provoked by hazing). In 2006 6,700 soldiers were victims of battery; 33 of them died (Kuhar 2007). The chief military prosecutor, Sergey Fridinsky, announced that 994 soldiers were the victims of bullying and harassment in the first three months of 2007 while, in 2006, crime had continued to grow among officers (11 percent), warrant officers (19 percent) and by contract enlisted personnel (more than doubling from 1,439 cases in 2005 to 2,892 in 2006)\(^2\). It bears to mention that these statistics refer to reported and registered instances; it was widely believed that the real numbers were several times higher. Not surprisingly, opinion polls show growing public opposition to the draft, especially when the respondent’s close relative is the putative conscript (74 percent in 2002, 77 percent in 2004) (Barany 2008: 44-45)

Thirdly, the issue related to contract soldiers is set back to military professionalism in Russia. Sergey Ivanov stated in March 2006 that recruitment plans were for 25,000 contract soldiers that year and 60,000 in 2007, but in order for this to
happen, additional funding was badly needed in order to provide the infrastructure specified by the contract service programme (Giles 2006:11). It is difficult to be optimistic about the fulfillment of these targets, particularly because the MoD did not create a professional recruiting service. In fact, as an independent Russian defense expert contends, “most of the contract soldiers are recruited by unit commanders from conscripts who often are forced by longer-serving soldiers to sign contracts while undergoing hazing.” (Felgenhauer 2007). Many writers who have observed difficulties with implementing the contract manning programme blame the low salaries on offer. Yet Commander of the Moscow Military District Col-Gen Vladimir Bakin noted, quite possibly in good faith, that “about 50 per cent” of contract servicemen consider the contract pay to be good, with many of them sending two-thirds of their salaries to their families (Giles 2007: 18). But even if the pay is considered adequate, failure to provide the additional facilities and benefits promised for contract servicemen leads to a far more rapid turnover than planned. As observers began to point out at an early stage in the contract programme, “it does not take long after arrival at a unit for them to start to wonder ‘Where am I? What am I doing here? Where are the promised benefits?’”24. The great majority of those who break their contracts early cited the failure to provide the promised accommodation and facilities as their main reason. This is symptomatic of an institutional failure to understand that volunteer soldiers cannot be treated in the same way as conscripts, and in particular, promises have to be delivered or the volunteers are likely to walk away – because they can. Moreover it is frequently overlooked that older servicemen may well have families, and that it follows that the new accommodation provided should include married quarters. As one officer dealing with contract servicemen put it, “permanent readiness can demand a lot, but not a vow of celibacy”25. In addition, contract servicemen continue to experience difficulty accessing all the payments and bonuses they are entitled to. Even the Airborne Forces, whose 76th Pskov Airborne Assault Division pioneered the contract “experiment”, was seen a rapid outflow of professional soldiers for precisely these reasons, with a crisis predicted in 2007-8 when the majority of three-year contracts expire (Giles 2007: 18-19)

Finally, problems plague the corps of noncommissioned officers (NCOs), who should be the backbone of the armed forces. Unlike in Western armies, where NCOs constitute a highly-trained, effective, and competent middle-managerial cadre, they
remain the most underutilized human resource in the Russian military. They seldom receive specialized training, hold minimal independent decision-making powers, and command little respect from officers and soldiers alike. Owing to meager wages, inadequate living conditions, and antiquated equipment, tens of thousands of NCOs positions are vacant. Since 1991 more than 450,000 officers have quit military service for similar reasons.

Salaries, though repeatedly raised under Putin, remain very low: Full colonels were often paid less than bus drivers, and there were tens of thousands of officers without proper dwellings. Most of those possessing a skill-set that permits alternative employment long ago left the armed forces. At the same time, the rank structure remains top-heavy, with more than 800 generals (about 200 in the MoD central staff alone), who often remain in rank even after their positions were reclassified to colonel status. Though the Russian army is about 20 percent smaller than the U.S. armed forces, it employs twice as many officers (Barany 2008: 47)

The quality of military training and education on all levels remains inferior. A feature in a Military District newspaper was intended to highlight the additional training given to NCOs, but its title gave the game away slightly: “A Sergeant’s Experience is Born through Tough Mistakes” – as opposed to training having anything to do with it (Giles 2007: 9-10). Conscripts are ordinarily trained by longer-serving draftees given the shortage of NCOs and junior officers. Many military training institutions (three out of four colleges and academies) have been abolished because of the army’s reduced size, lack of funding, streamlining of specialized schools, and the dearth of lecturers. The instructors, who remain, like their students, are seldom the best and brightest Russia has to offer. Particularly expensive training programs, such as those for pilots, have suffered disproportionately. In 2003 air force pilots flew just 12 to 44 hours a year, a fraction of the regulation 160 to 180 hours (abided by their Indian and Chinese colleagues); little wonder that pilot errors caused seven of the eight aviation accidents in the first 10 months of that year. Conditions since then have improved -pilots flew an average of 25 hours in 2005 and 40 hours in 2007 but their training still has a long way to go before it approaches Western standards (Barany 2008)
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The military profession was considered one of the most highly esteemed and rewarding in the USSR. Since then the social prestige of the uniform has plummeted owing to among other things the army's active involvement in the August 1991 coup attempt and the October 1993 shelling of the White House in Moscow, the widespread corruption that accompanied the withdrawal from Eastern Europe and elsewhere, the weak performance in the Caucasus, the seemingly unending brutal hazing of fresh conscripts, and a multitude of avoidable accidents that have claimed hundreds of lives annually. Quite simply, even with the recent infusion of funds into the defense sector, it is hard to see why the kind of people the MoD would like to attract would want to become professional officers, NCOs, or soldiers (ibid: 48). Moreover, According to the Russian armed forces' own statistics, the change to one-year instead of two-year conscription will bring about a sudden manpower crisis of unprecedented scale. The appearance of a massive gap between Sergey Ivanov's minimum permissible size of the armed forces on the one hand, and what appears possible in the light of demographic reality on the other, is fraught with security, social, economic and political consequences (Giles 2006: 16).

Moreover, despite the human resources problem, problem relating to draft reform was also the opposition by the top brass generals. As the generals maintain that only a large standing army was capable of effectively countering Russia's strategic challenges and that only a draft-based army will allow them to call up millions of reservists if necessary (Golts 2004: 57). In the words of Golts and Alexei Nikolsoki, the old Soviet-type strategic thinking is so deeply ingrained among the military elites that they seem incapable of developing the new tactical and operational concepts demanded by the new security environment or of appreciating the changed realities underscoring the perceptions of the civilian leadership. At a meeting of the top brass, the generals oppose reduction in the size of the armed forces because they need the army to defend the motherland in a potential war against United States or NATO. Second, the high and middle ranking officers also materially benefit from using the conscripts as a cheap workforce to build their homes or from bartering their labour with local politicians and businessmen for cash, food, coal, or supplies. Third, the generals wanted to prevent those who chose alternative service from having any chance for education, in fact to make alternative service less appealing than military service, as they were in support of cancellation of most deferrals Golts 2004: 58-59;
Barany 2006: 624). I think this is why the MoD has scrapped nine conditions of deferral from the military service in 2005-2006. Finally, the generals well realize that a volunteer army would necessary be smaller and would ultimately lead to the trimming of the bloated officer corps.

Nonetheless the Russian army appears need to decide whether it is at heart still a mass conscript army as throughout its previous history, or whether it can indeed be smaller and include volunteer professionals: it would appear that the same blanket methods cannot be applied to both, or the volunteers vote with their feet. And in the undecided meantime, the impression continues that “there is no real army in Russia, there is just a certain number of people in military uniform”, as Duma deputy Viktor Alksnis has put it.

5. Military Industrial Complex: On Putin’s Handling of Defence Industry

Military-industrial complex (MIC) is a concept commonly used to refer to policy relationships between governments, national armed forces, and industrial support they obtain from the commercial sector in political approval for research, development, production, use, and support for military training, weapons, equipment, and facilities within the national defense and security policy, based on a common desire to increase military spending. It is a type of iron triangle.

The term is most often played in reference to the military of the United States, where it gained popularity after its use in the farewell address speech of President Dwight D. Eisenhower in 1996. It was widely accepted, for example, that the Cold War was sustained partly by the vested interest of the US and Soviet military-industrial complex, both of which had a strong incentive to exaggerate the strategic threat and offensive capabilities of the other. Some estimates of Soviet military and defence-related expenditure in the 1980s put it high as 40 percent of gross domestic product (GNP), Soviet military industry (in Khurshchev’s words, ‘the metal eaters’) being the only efficient sector of a declining economy. While US defence spending in the same period accounted for only about 6 percent of GNP, this represented, in real terms, an amount probably less than 10 percent smaller that total Soviet defence spending (Heywood: 382). However, the term is applicable to any country with a similarly developed infrastructure.
Chapter IV Putin and Military Reforms

The former Soviet Union not only had an immense defence industry, but according to one renowned analyst, it was a “military industrial complex writ large with a militarized economy” (Blank 2007: 1-108). Russia inherited almost 80 percent of the USSR’s defence industry, and by the end of 1999 had almost 900 defence-related research institutes and design bureaus, and approximately 1,700 defence-related factories (Menschchikov 2007: 31-35). The sheer size of the industrial sector and the fact that half of the country’s “scientific potential” falls within the military-industrial complex was the primary reasons behind Putin’s perception about the relevance of the defence industry for the overall development of the Russian economy (Oberg 2008: 530).

5.1. Impact of Soviet Collapse

The military-industrial complex (MIC) was always the most technologically advanced branch of Soviet industry; it manufactured products that were not merely competitive on foreign markets but were often superior to their Western counterparts. It appeared that the collapse of the Soviet Union would bring the MIC enormous profits, since the Soviet Union had delivered about $20 billion worth of weapons abroad annually, but had received payments of only $3-5 million in currency; the rest was a donation to ideologically friendly regimes. In reality, everything turned out differently.

An economy whose highly resources are concentrated in a relatively small defence sector, while the rest of the economy teeters on the verge of total neglect, can function only by defying the laws that govern markets systems. It does not respond to such measures as cutting defence spending, nor does it allow the transfer of financial resources from the defence sector to the civilian economy. It is, in other words, a structurally militarized economy. When structurally militarized economy switches abruptly to a market – based system, the linkages between the various sectors within it slowly pull apart and eventually disintegrate. That is what occurred in Russia in the 1990s (Shlykov 1) 2004: 159)

On the eve of the Soviet disintegration, Russia inherited a peculiar situation with regard to MIC. The break-up of the USSR meant the formal end of the cold war era and Boris Yeltsin possibly felt that he could convert the US former adversary overnight into a close friend. In this new scenario, MIC was to lose its priority and
significance that it enjoyed in the past. In fact, under Gorbachev's policy of Perestroika and Glasnost, MIC was already experiencing certain changes. Under the process of conversion of defence production to civilian needs, the MIC was already experiencing certain positive and negative consequences. For example, the Soviet exports of arms and military equipment had gone down since 1986 as a result of deliberate policy to cut down deliveries to traditional markets in Asia, Africa and Latin America (Gidadhuli 2002: 2215).

As per Russian sources, Russia's exports to India went down from $3,957 in 1987 to $845 in 1992. According to some analysts, the USSR voluntarily cut down arms production and exports to reduce military threats in local conflicts and thus promote search for peaceful solutions. Moreover, after the Soviet collapse, the western creditors including the IMF were reported to have imposed conditions to cut down exports of arms for providing aid to Russia for economic development. In fact, the export of arms by the USSR was mainly for certain political objectives, which were not relevant under improved east-west relations. But there was a contrary view held by some Russian economist's contending that the prevailing policy had not brought much benefit to Russia and instead local conflicts had increased in the world. Moreover, it was observed that while Russia's position as exporter of arms was affected, that of other countries improved. Hence some Russian economists were urging the Russian government to reconsider and revise Russia's arms export policy taking into account Russia's national interest and economic reforms (ibid: 2215-2216).

There are several factors, which seem to have contributed to the decline of the MIC. Firstly, in the past the MIC was also produce some civilian products particularly, electrical items such as air conditioners, refrigerators, televisions, washing machines, etc. While in the Soviet era there was acute shortage of these high value consumer durables and domestic demand was unlimited irrespective of the quality, the situation dramatically changed after the Soviet break-up. Russia followed the policy of economic liberalization, which also implied liberal scope for imports. Hence these goods produced by the MIC could not complete with imported consumer durables in quality and price. Hence many MIC units seem to have reduced the production of these goods, which could have partly affected the total output of MIC. Secondly, under the Soviet policy of conversion of defence units to civilian needs, there were some extreme instances when some units were asked to produce low...
technology goods including what were known as 'pots and pans'. Some defence enterprises, specializing in producing fighter planes were also required to produce tricycles and prams. After the Soviet break up most of these MIC units seem to have cut down the production of such items. According to a Russian economist, during the period 1990-1997 although the total production in the MIC declined by about 80 percent, the drop in the output of high technology items went down by only 50 percent (ibid). Compared with the civilian sector, the Soviet defence sector was significantly less energy, material, and labour intensive. During the peak production in the 1970s and 1980s, the defence sector consumed only 6-9.3 percent of all rolled steel, 23.6-25 percent rolled aluminum, 1.7 percent of all steel pipe, and 3 percent of timber utilized in the Soviet economy. It employed just 10.45 million people or 8.4 percent of a labour force of 135 million (Shlykov (1) 2004: 159). Thirdly, the MIC units in the past were used to unlimited access to high quality materials such as metals, etc, as inputs for their production. But this was no longer the case as the MIC had to procure from other enterprises which were not easy since the latter ones were also interested in exporting their output and getting high revenue. Fourthly, there was a great setback for the MIC from the demand side. Hence the domestic needs of Russia were drastically reduced. It appears that various sections of the armed forces scaled down the purchase of defence items. More importantly, for the first time various branches of defence became dependent upon budgetary provisions for purchase of arms. In fact, the Russian government itself faced financial crisis and that affected defence ministry and its various sections for funds. The share of defence spending in GDP dropped from 16 per cent in 1988-89 to 4 per cent in 1999. Russian expert V Rassadin pointed out that the main problem of the MIC was the huge indebtedness of the Russian state to its MIC enterprises totaling over 18.3 billion rubles. He has pointed out that between 1990 and 1997 under prevailing budgetary crisis which had become a permanent feature, 75 per cent of payments were made using monetary surrogates. As a result of all this there was sharp fall in the domestic demand for the MIC, which seemed to have made a major impact after the Soviet break-up (Gidadhuli 2002: 2215-2216)

Fifthly, there were a few human factors, which also contributed to decline in the production of the MIC. There has been a large-scale exodus of skilled personnel from defence enterprises during the last several years. There were reports that
thousands of Russians were working in defence industries abroad including in China, Iran, some of whom might have been sent on contract basis with the permission of the state. Apart from that, thousands of skilled workers from defence industrial units have shifted to units producing civilian items due to wage differences. For instance, during the period 1991-96 average wages of workers in defence sector were about 60-65 per cent as compared to average wage levels in other industrial units. This difference of about 35 per cent in wages might have caused exodus of skilled workers from defence to other industrial enterprises. According to V Rassadin during the period 1990-97 the number of scientific workers in defence enterprises declined by about 40 per cent. Budget appropriation for science declined drastically in the first half of 1990s. As a result of this decline in defence sector, there was loss of over 300 military technologies. It was reported that to prevent the migration of scientists from the MIC, some of the western countries including the US supported and sponsored scientific projects in some Russian MIC. This appears to have been highly economical for the US. According to a Russian analyst, during 1992-96 the US gave about $ 25 million and other western countries $ 50 million to the International Science and Technology Centre in Moscow to assist Russian scientists to continue civilian research and conversion programmes. Some Indian defence research establishments were also exploring the possibility of collaborating with or sponsoring research projects to be undertaken by Russian scientists for India's needs (ibid: 2216-2217).

Russia's MIC passed through a difficult phase and many units were struggling for survival. Some defence industries were able to utilize the opportunities of economic liberalization for establishing direct external relations. They managed to develop, produce and export military equipment. Many defence industrial units were held and managed by 'Nomenklatura' who continued their close links with the policy makers in the new Russian government under Boris Yeltsin and that they were against reforms and conversion. For most of the defence industries, export of their products was a better alternative to conversion to civilian production.

5.2. The Post-Soviet Inheritance

While Russia inherited most of the Soviet defence -industrial base, including almost all the nuclear weapons development and protection facilities, some significant capabilities were lost with the collapse of the USSR. Ukraine was left in possession of
a major development and production centre for strategic missiles, one of the principal tank design and manufacturing bases, unique facilities for the building of heavy surface naval vessels, ship propulsion units and heavy transport aircraft, the USSR's largest manufacturer of aero engines and important center's for radar and optical systems. Lost to Belarus were major manufactures of electronics components, optical and radar systems, and missiles transporters; to Kazakhstan, less strategically sensitive but nevertheless important producers of infantry weapons and naval armament; to Georgia and Uzbekistan, enterprises building combat and transport aircraft; and to the Baltic states, some significant suppliers of precision components and systems. Thus, whereas the Soviet Union's defence industry had a genuine across-the-board capability, this was lost to Russia from the end of 1991 (Cooper 1998: 94-95)

During the 1990s the Russian defence industry experienced dramatic contraction, conversion and privatization in order to reform the defence industry. The period of 1991-1997 witnessed a massive decline in the military output of Russian defence enterprise and organisations. The level of the military production in 1997 was only 8.8 percent of what it had been in 1991. This decline took place in 1992 as a result of the economic reforms implemented in that year. However, this decline was not uniform across the branches of the industry, as some branches of the industry were more hit hard by the decline (SIPRI 1999: 391). Several factors accounted for the decline in arms production. First, procurement for the Russian armed forces was been cut drastically due to severe budgetary constraint. Second, the demand of civilian goods produced by the defence industry was drastically fall because of stiff foreign competition and depressed domestic demand. Third, insufficient working capital, lack of investment and delayed payment from the Ministry of Defence (MoD) and other customers have resulted in problems of wage arrears. The MoD's debt to the arms industry was estimated at around 20 billion roubles in 1997 out of which 25 percent was for unpaid wages (ibid: 391-392). Thus, the combined impact of the break-up of the USSR, and the unstable economic and political environment, coupled with uncertainties about the security policy of new Russia state, have rendered the pursuit of a coherent strategy for the reform of the defence industry.
5.2. 1. Contraction

Since 1992 budget allocations for the armed forces of the ministry of defence was reduced to less than 4 percent of GDP. Price liberalization and reduced levels taken by procurement had a dramatic impact on the structure of the defence budget: the shares taken by procurement and R&D fall sharply, with particularly on the latter, at least until 1995, probably because it was unable to mobilize political support as effectively as the production sphere. (see table 3 & 4 below)

Table 3: Procurement and R&D within the budget for national defence (% total budget for ‘national defence’), 1991-1996

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<td>Minatom (a)</td>
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(a) Ministry of atomic energy: Expenditure of the military of atomic energy on the development and production of nuclear weapons.


Table 4: Defence expenditures as % GDP, 1992-6

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<tr>
<td>National defence as %GDP</td>
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The output of the Russian defence industry declined inexorably since 1992, when procurement was cut at a stroke by two-thirds, and showed no sign of recovery even by mid-1996. By 1995 total military output was barely one-fifth of the level of output of 1991 (see table 5 below). For Goskomoboronprom\textsuperscript{30}, military output in 1996 was a mere 13 percent of the 1991 level (see Table 6). The civilian output of the defence industry was fallen sharply, especially in 1994/95, with the result that for civil output in 1996 was barely 30 percent of the 1991 level. In the words of cooper, the factors responsible for the substantial contraction of civil output was because foreign competition, a sharp decline in the demand for investment goods and a severe reduction of funding for national and local government procurement of such items as transport equipment and medical instruments (Cooper: 1998)

Table 5: Russian defence industry: Output and employment, 1991-95

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<tbody>
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<td>97</td>
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<td>88</td>
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<tr>
<td>Missile-space</td>
<td>100</td>
<td>95</td>
<td>67</td>
<td>61</td>
<td>100</td>
<td>89</td>
<td>77</td>
</tr>
<tr>
<td>Aviation</td>
<td>84</td>
<td>68</td>
<td>36</td>
<td>31</td>
<td>91</td>
<td>82</td>
<td>70</td>
</tr>
<tr>
<td>Armaments</td>
<td>84</td>
<td>69</td>
<td>43</td>
<td>33</td>
<td>93</td>
<td>85</td>
<td>73</td>
</tr>
<tr>
<td>Munitions</td>
<td>70</td>
<td>57</td>
<td>36</td>
<td>31</td>
<td>92</td>
<td>82</td>
<td>67</td>
</tr>
<tr>
<td>Shipbuilding</td>
<td>89</td>
<td>78</td>
<td>58</td>
<td>64</td>
<td>90</td>
<td>81</td>
<td>70</td>
</tr>
<tr>
<td>Radio</td>
<td>84</td>
<td>78</td>
<td>49</td>
<td>33</td>
<td>87</td>
<td>75</td>
<td>62</td>
</tr>
<tr>
<td>Communications Equipments</td>
<td>74</td>
<td>58</td>
<td>32</td>
<td>21</td>
<td>87</td>
<td>71</td>
<td>57</td>
</tr>
<tr>
<td>Electronics</td>
<td>72</td>
<td>48</td>
<td>26</td>
<td>22</td>
<td>92</td>
<td>75</td>
<td>57</td>
</tr>
<tr>
<td>All defence Industry</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Including</td>
<td>82</td>
<td>69</td>
<td>45</td>
<td>39</td>
<td>91</td>
<td>80</td>
<td>67</td>
</tr>
<tr>
<td>Military production</td>
<td>62</td>
<td>43</td>
<td>26</td>
<td>22</td>
<td>63</td>
<td>49</td>
<td></td>
</tr>
<tr>
<td>Civilian Production</td>
<td>93</td>
<td>83</td>
<td>56</td>
<td>48</td>
<td>108</td>
<td>100</td>
<td></td>
</tr>
</tbody>
</table>

Chapter IV Putin and Military Reforms

Table 6: Output of Goskomoboronprom, 1994-96

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Total output</td>
<td>80.4</td>
<td>64.6</td>
<td>39.2</td>
<td>30.9</td>
<td>22.5</td>
</tr>
<tr>
<td>Military</td>
<td>49.5</td>
<td>32.5</td>
<td>19.9</td>
<td>16.6</td>
<td>12.8</td>
</tr>
<tr>
<td>Civilian</td>
<td>99.0</td>
<td>85.6</td>
<td>52.6</td>
<td>40.4</td>
<td>29.3</td>
</tr>
</tbody>
</table>


The reduction in the defence budget and the output of the defence industry and the labour force, let to contraction in the defence industry. Starved of funding, the vast defence industry underwent a process of spontaneous contraction. Wages of defence industry personnel, which in Soviet times were above the industrial average, fell dramatically. Many workers, especially young people with skills, where left in search of better prospects. While there was recovery of military spending and defence industry output after 1999, the latter was a product of increased in arms exports, the overall scale of the military economy was very substantially smaller than in Soviet times (Cooper 2006: 132), as can be seen from table 7. Moreover, in Russia in 2001 the defence industry employed 54 percent of the country’s scientific personnel. However, the overall national spending on R&D was fallen, both in real terms and as a proportion of GDP, and by 2001 the number of people engaged in defence sector R&D was only one-third of the 1991 (Cooper 2006) total as given in the table 7 below.

Table 7: The Soviet and Russian military economies

<table>
<thead>
<tr>
<th></th>
<th>USSR 1990</th>
<th>RF 1990</th>
<th>RF 2001</th>
</tr>
</thead>
<tbody>
<tr>
<td>No. employed in defence industry (a)</td>
<td>8,270,000</td>
<td>6,075,000</td>
<td>2,040,000</td>
</tr>
<tr>
<td>Industry</td>
<td>6,815,000</td>
<td>4,775,000</td>
<td>1,580,000</td>
</tr>
<tr>
<td>R&amp;D</td>
<td>1,465,000</td>
<td>1,300,000</td>
<td>460,000</td>
</tr>
</tbody>
</table>
## Chapter IV Putin and Military Reforms

<table>
<thead>
<tr>
<th></th>
<th>1985</th>
<th>1991</th>
<th>1992</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employment in Defence industry as% of total industrial employment</td>
<td>7.3</td>
<td>8.1</td>
<td>3.0</td>
</tr>
<tr>
<td>Defence industrial employment as% of total industrial employment</td>
<td>19.3</td>
<td>20.9</td>
<td>10.8</td>
</tr>
<tr>
<td>Average monthly wage in defence industry as % of average wage in industry</td>
<td>97(b)</td>
<td>85 (c&amp;d)</td>
<td>78</td>
</tr>
<tr>
<td>Average age of defence industry employees</td>
<td>39</td>
<td>58</td>
<td></td>
</tr>
<tr>
<td>Output of the defence industry as % of total industrial output</td>
<td>12</td>
<td>no data</td>
<td>6</td>
</tr>
<tr>
<td>Inc Military Output</td>
<td>6</td>
<td></td>
<td>3</td>
</tr>
<tr>
<td>Arms exports ($mn)% of total exports</td>
<td>16,000</td>
<td>7,100 (d)</td>
<td>3,705</td>
</tr>
<tr>
<td>Expenditure on national defence’ (e &amp;f) as % of GDP</td>
<td>7.1</td>
<td>5.9 (d)</td>
<td>3.2</td>
</tr>
<tr>
<td>In real terms, 1991=100</td>
<td></td>
<td>100</td>
<td>41</td>
</tr>
</tbody>
</table>

(a) Excluding nuclear industry: note: peak, mid-1980s, including nuclear industry, 10,450,000 employed, of whom 5.8 million were working directly in production of weapons and other military equipment; 8.9% of total employment and, with an estimated 8.6 million in industry, 23% of total industrial employment.

(b) 1985, 105%

(c) Lowest point, 59%, June 1995

(d) 1991

(e) Including pensions of servicemen


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Chapter IV Putin and Military Reforms

Sources: (1) Julian Cooper, “Society-military relations in Russia: The economic dimension” in Stephen L. Webber and Jennifer G. Mathers (eds), Military and Society in Post-Soviet Russia, Manchester, Manchester University Press, 2006, p.133.

(2) V. Kataev, “MIC: The View from Inside”, in V.Genin (eds), The Anatomy of Russian Defence Conversion (in English), Stanford University, Vega Press, 2001, p.99.


Thus, over the decade, starvation and neglect rather than the pursuit of any coherent policy, the ‘monster’ was shrunk and no longer was a threat to Russia’s economic prosperity. There occasional calls for a substantial increase in military expenditure, for example, in response to the war against Iraq in 2003, the State Duma Defence Committee urged an increase in spending on national defence reform from 2.3 to 3.5 percent of GDP on the grounds that the conflict brought a threat to Russia’s national security, but Putin resisted to such pressure. At a session of the Security Council in February 2003 he declared: ‘Our Defence outlays must not fall on the people as a burden, obstruct economic growth and the resolution of social problems’

5.2.2 Privatisation

Since 1992 one of the principal issues for the Russian defence industry has been that of ownership. Should enterprises engaged in the development and manufacture of armaments remains in state hands, or should they be permitted to private? (Andres 1995: 353). The issue of privatization baffled the key players in the decision making process; the military, the defence-industry bureaucracy, the managers or directors and the reform politicians. The question was state ownership or private ownership and all four were thinking on their own lines (Basu 2000: 1673).

The military wanted to retain the restrictive policies in privatizing the defence industry. They were for the core group of industries, responsible for Russia’s defence production nearly about one-third to two-fifth of the total defence industry. The rest was to be privatized (O’Prey 1995: 77). The defence industry bureaucracy on the other wanted that Roskomoboronprom32 (The Russian Committee on the Defence Industry) wanted to have a decisive say in the management of the defence industry.
Roskomoboronprom was to retain the special status of the defence industries and to see that the defence industry is as large as possible requiring a special treatment in the major economic reform legislation (ibid 77-78). On the other hand, the directors of less favorably placed enterprises, as well as old-style Soviet-era leaders were unable or unwilling to adapt to the new conditions-some of whom were yet to found- fought to be placed on the 'privatization' list (Cooper 1998: 105).

In November 1991, when President Yeltsin formed his government he choose a radical reformer Anatoly Chubais to head the State Committee for Management of State Property or (Goskomimushchestvo) GKI, Russia’s “Privatization ministry”. The first half of the 1992 saw the issue on privatisation being debated sharply and a compromise was reached under which workers and management could purchase 51 percent of shares from the outset. The remaining 49 percent was to be open for the outsiders. Also, Chubais never made any attempt to privatize the large enterprises. The large enterprises could privatize the way their management wanted. The privatisation programme was passed by the Parliament in June 1992. GKI was becoming more powerful and in May 1993 Yeltsin edict decreed GKI achieved privatization for those defence industries which had less than 30 percent of the defence orders of total sales. A sharp division was seemed between GKI, Roskomoboronprom and the management. On August 19, 1993, Yeltsin issued a decree particularly devoted to defence industry privatisation. This was the first legal act that directly dealt with defence industry privatisation. Both Roskomoboronprom and the managers got their respective powers in controlling the defence industries. In case of a joint-stock company, Roskomoboronprom was to decide who could be that company’s director (O’Prey 1995: 79-84)

Under the changed relationship between Goskomoboronprom and industries caused by privatisation, four categories of enterprises were created. Some fully privatized facilities that no longer engaged in military work left the state committee. The other fully privatized companies maintain collaborative relations with Goskomoboronprom and under their supervision. Joint-stock companies in which the state holds a stake then finally there were fully state-owned enterprises that remained subordinated to the committee. The end of 1995 was almost 13 percent of the committee’s total number of facilities leave. 28 percent had state ownership stake and the remaining 35 percent were state controlled. Only 21 percent of the enterprises in
the aviation industry were fully state owned; the armaments industry had 35 percent of the corresponding proportions that produced infantry weapons, armored vehicles, and optical equipment and solid-propellant missiles. The ship-building industry had 40 percent, 54 percent in the missile-space industry, and 82 percent in the munitions and special chemicals industry (Cooper 1998: 106)

The privatisations of defence enterprises were controversial and a number of individual cases had generated extensive media coverage. Notable instances have been that of the Rybinsk aero-engine works, one of the larger producers of aircraft engines in Russia. Goskomoboronprom and the company’s management resisted government’s attempts to sell off its shares, fearing a takeover by AO Gazprom who they feared may stop building aero-engines. By early 1996, AO Rybinskie motory was put on the list of strategic enterprises whose federal shareholding could not be sold prematurely. The issue of foreign participation in the ownership of defence sector companies was of great concern to the communist and nationalists, who campaign against the idea. The campaign was successful in so far as it prevented the small US Company Nick and C Corporation from acquiring shares in 19 Russian defence industries, including some heavy military works. In March 1996 the Moscow arbitration Court ruled the acquisition of shares by Nick and C Corporation as illegal and ordered their surrender. Foreign ownership stakes in serious defence related industries in Russia seem improbable for the present (ibid)

The perceptions that privatisation of defence enterprises posed a threat to Russian national security, agitated by the communists and other critics. In April 1996 President Yeltsin established a federal commission to review privatisation of defence industries in the run-up to the presidential election. In 1996 prior to the creation of the federal commission, the then chairman of the State Property Committee, Aleksandr Kazakov had spoken in terms of 400 defence industries which would not be privatized (ibid 107)

The government decree on July 13, 1996 approved a total number of 480 industries that would remain in full state control; out of which 45 were in the aviation industry, 60 in the missile-space industry, 60 in the armaments industry, 93 in the munitions and special chemicals industry, 54 in shipbuilding industry, 51 in the communications equipment industry, 73 in the radio industry, and 44 in the
electronics industry. Proportionately the munitions industry had the highest share of state-owned facilities, out of the total number of facilities in each branch. The overall state-owned facilities represented almost 30 percent of Minoboronprom's 1,700 enterprises\textsuperscript{34}. The Minatom and the Russian Space Agency additionally had fully state-owned facilities. Additionally here were firms where the state had retained controlling interest. Thus compared to most market economies, the weapon development and manufacturing in Russia was set to remain under the state sector of the economy (ibid). Moreover, privatisation was at first considered to improve the economic situation of the companies. However, as the privatisation extended to a substantial part of the defence industry, the fall in production continued and even accelerated. In 1992 it was 82\%, in 1993 69\%, in 1994 45\%, in 1995 38\% and in 1996 it was 31\% of the 1991 level. Privatisation failed to solve the production problems of the defence sector (Andres 1998: 245)

5.2.3. Conversion

Since 1992 Russia maintained a policy committed to the conversion of a part of the capacity of the defence industry to civilian purposes. A fundamental problem has been inadequate funding; actual budget disbursements which were consistently fall below planned allocations. Other serious obstacles have been the collapse of the domestic market and changes in the structures of demand arise from the open up of the Russian economy and shifted to relative prices (Cooper 1998: 100). Conversion process was a top down approach, typical of the Soviet system without proper economic or technological logic. New technologies and processes were proved to be costly for civilian production. Civilian costs of production were shooting up because the government did not permit to use the defence idle capacity of the defence industries for civilian industries (Basu 2000: 1669)

In March 20, 1992, the Law on Conversion was signed by President Yeltsin. Conversion is traditionally understood as the replacement of one kind of technology, equipment and production or vice-versa. The “main principle” is governing conversion being “the use of high-technology capacities on the foreign defence industry to produce output capable of competing on the foreign market” (Gadyy 1996: 74). But there was the problem in transferring military related technology to the civilian manufacture. Also the standard of civilian technologies and goods produced
by the Russian defence industries was lacking in quality and there was no question of
competing with the civilian goods manufactured by the defence industries of the west.
As Julian Cooper says, “from the outset there were efforts to plan conversion on a
national scale. This grandiose top-down planning exercise proved to be futile: the
USSR collapsed before a viable national conversion programme could be agreed and
implemented. In selecting civil goods to be produced at military plants, economic
considerations played a minor role. What mattered was not market demand or
profitability, but the technical possibilities of the plants to be converted (O’Prey 1995:
4).

However, the law did not clearly define the actual steps towards conversion.
For the years 1993-95 the MoE (Ministry of Economy) focused on 14 specialized
programmes for Goskomoboronprom. They were: civil aviation, shipbuilding, energy,
(including conversion of industries belonging to the Ministry of Atomic Energy –
Minatom), forestry, housing, road-construction, agriculture, textiles, food-processing,
trade, consumer durables, communications and information technology, ecology and
medical equipment. This programme was collapsed and it was not operational because
of lack of continued finance and proper management of defence industries (ibid: 5). In
December 1995 the government adopted a federal conversion programme for the
period 1995-97 consisted of seven sub-programmes for Goskomoboronprom. In the
late 1997 the Federal Programme for Restructuring and conversion of the Defence
Industry for the years 1998-2000 was prepared by the MoE. Reduction of arms
producing industries from around 1700 to 670 by the year 2000, and 35 more by the
Industry Organisation was established in February 1998 to facilitate implementation
of the programme (Cooper 1998: 100)

Nevertheless, all conversion in Russia was not unsuccessful. Notable
developments were seen in those sectors of the economy that have strong domestic
demands backed by real purchasing power. Enterprises developing and manufacturing
equipment for the fuel and energy have found customers for their products. Although
this has not been without frustrations that Russian oil & gas companies show a
preference for imported technology, amid calls for better co-ordination of new
products to strengthen their lobby (ibid: 101). More successful has been the
programme to develop and manufacture for the coal industry. An import substitution
programme, it provides Russian sources of supply for technology previously acquired from producers in Ukraine and Kazakhstan that accounted for 60 percent of all coal industry equipment in Soviet times. One of the most significant was the proposed building of a high-speed railway between St Petersburg and Moscow, reducing commuting time to three hours that have provided increased conversion opportunities to more than 50 defence industry companies in the design and building of transport equipment. Particular participation of the Rubin Central Design Bureau of St Petersburg, the principal Russian design organisation for nuclear submarines, the Yakovlev aircraft design organisation responsible for the design of the Sokol high-speed train (ibid)

The collapse of the Russian electronics industry was an issue serious concern for the government and the military of defence. Starved of funding, the federal government for its revival did not apparently meet with much success. The conversion programme of Minatom was relatively more successful and focused on the development of microelectronics, including the production of materials for the manufacture of advanced components and fiber optics, and the development of new supercomputers. Planned funding for Minatom's conversion programme for 1995-97 was almost thrice of what was allocated to the programme for the development of the electronics industry, and had much greater credibility, as two-third was to be derived from non-budgetary sources, as opposed to one one-third for the latter (Basu 2000: 1672)

The experience of Russia in the field of conversion indicates that it was a costly process, because large expenditures were needed to compensate the enterprises for the losses produced by decreases in defence production and by the maintenance of average wages and salaries, without efficient production. The conversion process demands huge (and not risk-free) investments. Then, in this special sector of high technology, the conversion process should be clearly improved by collaboration with highly competitive foreign enterprises. “The conversion process in Russia increasingly shows the need for, and the importance of, the internationalization of conversion efforts... Many large-scale conversion projects are simply impossible without the import of equipment and the participation of foreign capital” (Shkaratan & Fontanel 1998: 368)
6. Putin on Defence Industry

Among the reforms to government structure that were set in train in 2000 after the election of President Putin, those for defence industry were intended to overcome the failed attempts at restructuring under the Yeltsin administration. Throughout his presidency, Putin has highlighted the relevance of the defence industry for the overall development of the Russian economy, insisting that this is the most vital and relevant high-tech sector of the national industry. He argued that defence R&D is important not only for national security, but also as a growth multiplier of other sectors of the national economy.

The origins of Putin’s policy on the creation of state-owned holding companies in the defence industry and the return of state control over arms dates back to the 2001 federal program called “Reformation and Development of the Defence Industrial Complex in the Period 2002-2006”35. This program replaced the Yeltsin era program “Reconstruction and Conversion of Defence Industry: 1992-1998” that was deemed to have failed to meet its targets, partially because of the limited funding for conversion, a lack of expertise for operating in an open market environment, and the general shrinking of the domestic economy that occurred during the 1990s (Bjelakovic 2008: 532).

The purpose of here is to analyse president Putin’s first State Armament Program announced in 2001 and his second program which was announced in 2006, where by Russian government according to 2006 plans Russia will spend almost US$190 billion- above annual defence allocations on military equipment during the 2007-2015 period. Moreover, another objective is to look into the procurement policy and arms export. Given the extent of changes affecting the defence industrial sector, and the amount of extra budgetary funding dedicated to military procurement, the Russian government’s efforts seem primarily geared toward rejuvenating the defence industry. If these efforts lead to an improved performance of the Russian defence industry, the Russian armed forces could be able to acquire significant numbers of advanced weaponry within the next 10 years.
6. 1. Putin’s Armament Program 2002-2010

On October 11, 2001, Russian Prime Minister Mikhail Kasyanov signed Resolution N0.713, bringing into the federal program “Reform and Development of the Defence Industrial Sector (2002-2006)” (Shlykov (2) 2004: 37). This ambitious program was seeks to reduce the 1700 firms that make up the defence-industrial complex (OPK) by some two third, and consolidate the remainder into what it was called “system-building integrated structures” headed by design bureaus. The state intends to reassert control over these structures by converting its intellectual property rights into majority stock holdings.

According to the wording of the program, the need for reform of the OPK was dictated by the following factors:

- Continued production of many defence-related items that no longer were needed, or were needed in much smaller numbers;

- Maintenance of excessive production capacity (in the ammunition industry only 6.9 percent of existing capacity was to be used, in the production of conventional arms only 13.6 percent);

- Chronic under-investment in capital, which has led to a progressive aging of equipment (only 4.4 percent of production machinery in the OPK was less than 5 years old);

- Underemployment and low pay of personnel (OPK salaries was one-third lower than those in civilian industry);

- The poor financial situation of most enterprises and organizations (every sixth organisation produces arms at loss) (ibid: 38)\(^{36}\)

The document thus reveals that the Kremlin was moving towards reconsolidation of state authority, driven in part by the aging of the OPK’s capital stock, underemployment, low pay, and poor enterprise financés\(^ {37}\). The plan envisions downsizing the OKP, which was consist of 1,700 enterprises and organizations located in 72 regions, “officially” employs more than 2 million workers (more nearly 3.5 million), and produces 27 percent of the nation’s machinery and 25 percent of its
machinery exports. Nineteen of these entities were “city building enterprises,” that is, defence industrial towns where the OPK was the sole employer (Rosefielde 2005: 91).

The federal program calls for only one-third of the 1700 existence defence enterprise to survive, and the remaining was to be amalgamated into what was called “system-building integrated structures” (in the media it was simply called holdings). The rest of the 1700 enterprise was no longer consider part of OPK; their specialized machinery was to be transferred to the OPK holdings along with the intellectual property they used in the production of arms and civilian high-tech goods, thus in turn it will strengthen the defence lobby and augment state ownership.

Putin’s program also changed the nature of property rights in the defence industry. At the time of program’s inauguration, a myriad of ownership formulas coexisted, including state-owned companies, private companies, and various joint-ventures with foreign partners, sometimes connected through complex ownership schemes. The government’s push for the creation of state-owned holding companies was accelerated in 2006 and 2007. The aim of this effort has been to consolidate the ownership structure and to renationalize as many defence-related industries as it could. The first holding company in the defence industry was created in 2004: the Open Joint Stock Company Takticheskoye Raketnoye Vooruzheniye was composed of eight previously independent enterprises, including Salyut (Samara), Gorizont (Moscow), and Smolensky Aircraft Factory (Smolensk) (Vorobyov & Pozharov 2005: 139-153). At the end of 2007, the process of amalgamation of all Russian aircraft and naval industries into vertically integrated holdings was completed.

Yet according to Russian officials, the oft-cited end goal of this ownership transformation was to start offering a significant portion of shares of such consolidated holdings for public trading by 2015. Such a course of action would make sense in terms of getting additional capital into industry and providing attractive investment opportunities for the growing number of Russian venture funds—where apparently the “siloviki” elite has stashed significant wealth. However, whether the Russian leadership would remain to be committed to such a course of action remains to be seen.

The OPK reform program envisions a two-prong strategy. First phase, in the years 2002-04, the development of these systems was to assigned to lead companies
and the integrated structures they oversee and second phase was to superior diversified research and production complexes capable of producing globally competitive military and consumer goods to develop. Table 8 below provides a preliminary list of these structures.

Table 8: Defence Industrial Organizations: The Scheme for 2005-06

<table>
<thead>
<tr>
<th>Type of equipment</th>
<th>Number of integrated structures</th>
</tr>
</thead>
<tbody>
<tr>
<td>Aviation equipment</td>
<td>5-7</td>
</tr>
<tr>
<td>Missile and Space equipment</td>
<td>9-10</td>
</tr>
<tr>
<td>Radio equipment and control systems</td>
<td>7-9</td>
</tr>
<tr>
<td>Communications and telecommunication equipments</td>
<td>2-3</td>
</tr>
<tr>
<td>Electronic equipment</td>
<td>2</td>
</tr>
<tr>
<td>Precision guided munitions</td>
<td>2-3</td>
</tr>
<tr>
<td>Tanks and artillery</td>
<td>2-3</td>
</tr>
<tr>
<td>Optics and electronics (laser) equipment</td>
<td>1-3</td>
</tr>
<tr>
<td>Ammunition and special chemistry</td>
<td>6-8</td>
</tr>
<tr>
<td>Shipbuilding</td>
<td>3-5</td>
</tr>
<tr>
<td>Shipbuilding equipment</td>
<td>3-5</td>
</tr>
<tr>
<td>Total</td>
<td>42-58</td>
</tr>
</tbody>
</table>


The specific tasks that would be assigned to these integrated structures were formulated by the Security Council of the State Armaments Program for 2001-10 and were approved by President Putin on January 20, 2002, but this forty-three-volume document, with twelve “approvable” subprograms, was classified. Colonel General Alexei Moskovsky provided a few glimpses into its contents in an interview published in Krasnaya Zvezda, February 19, 2002. The State Armaments Program covers nuclear forces, space systems, aviation and air defence, conventional armaments,
command and control, basic military research, and equipment destined for other “power structures” (interior troops, border guards, FSB, etc). Forty percent of budgeted funds were to be allocated to research and development during the years 2000-05, quadruple the share in the preceding plan. The actual figure for 2001 was 41 percent, with 48 percent of funding devoted to serial weapons production. After 2005, a tidal change was to be completed: R&D would drop to 15 percent and serial production would expand to 65-70 percent as Russia seriously turns its attention to military modernisation (Shlykov (2) 2004) A fifth generation fighter at “Sukhoi” was to be part of this expansion, with mass production that was to begin in 200942.

A majority of defence industrialists greeted the program with a combination of outrage and scathing criticism. Igor Ashourbailey, who was the general director of Almaz, the designer and producer of the S-300p air defence system, had to say: “The [decree established the] program to reform the defence industrial complex is largely a superficial… and abstract document, far removed from a system analysis of realities and perspectives of military development. One has the peculiar feeling that one is dealing with a formless and system less mass of defence enterprises thrown together into so-called vertically integrated structures”. Boris Kouzyk, general director of a private defence holding and a former Yeltsin adviser on arms trade, wrote, “No matter how big the temptation to solve the problems of the armed forces at the cost of the Defence Industrial Complex (DIC), such decision would inevitably lead to a crisis for the army and the industry”. (Shlykov (2) 2004: 171-172)

The idea of creating new defence industrial holdings from above using administrative means is not new, and the difficulties are well known. In 1997 the government adopted a similar initiative, the Federal Program for the Restructuring and Conversion of the defence Industry in 1998-2000, which called for the formation of “integrated defence industrial structures”. No such structured ever materialized. (put end to justified the program )

6. 2. Putin’s Armament Program 2007-2015

In June 2006, Russia announced a massive arms procurement program for the country’s armed forces, whereby the Russian government will spend almost US$ 190 billion- above annual defence allocations- on military equipment during the 2007-2015 periods. Sixty three percent of that amount will be spend on new equipment and
the remaining 37 percent on defence-related R&D. This new State Armaments Program comes after a decade and half of equipment decay, lack of investment in defence R&D and infrastructure, as well as a struggle to meet the basic social needs of the Russian officer corps and servicemen\textsuperscript{13}.

The 2006 State Armaments Program, brought a significant administrative changes related to its funding. In contrast to prior programs, it is fully integrated into the 3 year state budget (in this case for 2007-2010), as well as into long-term federal target programs, thus giving it a higher chance of success in reaching its goals\textsuperscript{44}. The percentage of the defense budget allocated to purchasing military equipment will rise from 44 percent in 2006 to 50 percent by 2011. The primary purpose of this increased spending is to push new weapons systems from the research and development stage to actual procurement for Russia's armed forces. Over the course of 2007-2015, Russia's army and navy will replace almost half (45 percent) of their military equipment. In the past, poor government and industry practices frustrated similar plans to supply large numbers of advanced conventional weapons to Russia's armed forces. The country's military-industrial sector suffers from limited domestic orders and extensive overcapacity. Purchases for the Russian army and navy have been increasing, but still only sustain about one-fourth of Russia's existing military production capacity\textsuperscript{45}. This is compounded by Russia's riches in oil sector, which may provide the necessary financial resources to fully bring the program to fruition. This reinvigorated relationship between the state and defence industry could provide a more favourable environment for the improved, mid- to long-term (5-10 years), performance of the Russian defence industry.

The significance of the 2007-2015 Russian defence procurement program was two-fold: first, it indicates the direction of the Russian armed forces' modernisation and the scope of their future capabilities; and second, it represents another building block in the institutional and procedural changes governing the relations between the state and defence industry (Bjelakovic 2008:541).

The 2006 State Armaments Program has a reasonable chance at rejuvenating the Russian defence industry, given the planned balance in application of market principles and state protectionism. However, significant problems continue to plague the Russian defence industry and the new military procurement mechanism. Doubts
remain among analysts about the ability of the defence industrial sector to actually deliver weapons that are meeting military requirements in a timely manner and within budget\textsuperscript{46}.

Given Russia's past difficulties in implementing its State Armaments Programs, the program was open to debate. In January 2002, President Putin's State Armaments Program for 2001-2010 had similarly laid out Russia's acquisition strategy year by year, with large-scale procurement over the last five years, but despite the positive appraisal, budgetary shortfalls derailed the plan, just like they did for the previous program approved by President Yeltsin (Novichkov 2002: 16)

Many Russian experts and western scholars opined that the country's defence industry cannot fulfill the 2007-2015 programs due to inadequate manpower, and insufficient research and production capacity. Even high ranking government officials, such as the former first deputy Prime Minister, Sergey Ivanov, comment the poor performance of the defence industry, and the shortage of skilled workers, rapidly aging production facilities, and poor quality control of final products could derail the government planning and programs\textsuperscript{47}.

The Problems plaguing the Russian defence industry do not end there. The low solvency rate among Russian industrial enterprises seriously hinders their ability to operate. As of 2007, only 36 percent of defence strategic enterprises were solvent, while another 23 percent were on the verge of bankruptcy (the remaining 41 percent were under bankruptcy protection. The solvency crisis requires government intervention to introduce some form of debt forgiveness in order to stimulate the industry and preserve the most viable companies. There is also skepticism about the ability of the defence industry to integrate scientific research into the national economy, fuelled in part by fears of espionage and losing exclusive control of classified information, resulting in what some experts call "the ghettoization" of defence industry. This was especially the case in its most advanced component, the space sector \textsuperscript{48}(Oberg 2007). Others also argue about the ability of Russia's defence R&D sector to carry out any large and sophisticated projects. The defence scientific sector, once a source of national pride, is aging (the average worker's age was over 45), and many commentators note that it is too parochial (no new bold projects and ideas, but rather a continuation of Soviet legacy projects) (ibid)
Nevertheless, understanding the ongoing institutional changes governing the relationship between defence industry and the state is essential in assessing not only the future capability of the Russian armed forces, but also the character of Russian institutions and the government, and the country's economic and scientific policies. Secondly, the overall growth of checks and balances is likely to continue. Second, the Russian parliament, especially in its committee work, still has a legally guaranteed means of affecting the procurement process. Thirdly, the role of media is an important in revealing corruption. Finally, the role of President Dmitry Medvedev, who give his word to makes rule of law and to fight against corruption as his main policy objectives which he publicly pledges.

6. 3. Procurement Policy

During the Soviet Period, military procurement was controlled by the Central Committee of the Communist Party and its Commission on the Military Industrial Complex. The mechanism of procurement was such that the commission would not only establish, but submit orders as well. These orders were passed, in the form of a state decree, to the Ministry of Defence (MoD), where numerous scientific research institutes performed initial Research and Development (R&D). Once the basic R&D was completed, Experimental Design Bureaus proceeded with a prototype development, including testing. Successful prototypes often results project being transferred to production plants for a serial production of the weapon system in question. On the government side, this process was budgeted through the labyrinthine centrally-planned economy and its institutional embodiment GOSPLAN (Ministry for Central Planning), while the day-to-day financing and coordination was performed by the Ministry of Defence Industry (Bjelakovic 2008:530)

After the collapse of the Soviet Union in 1991, and until 1997, the Russian defence industry continued to operates under the portfolio of the same Ministry of Defence Industry. In terms of funding, however, a radical change occurred in 1992 with the transfer from budgetary funding to self-financing (Andres 2004: 687-706). In the early 1990s, Moscow's strategic perception of the role of defence industry was that it should be converted into civilian industry (i.e. market oriented production of general consumer goods). The Kremlin, especially in its early liberal days, believed that conversion from military to civilian industry would occur fast, at low cost, and
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that it would be irreversible. Yet the Kremlin was not able to actively manage or finance such conversion, and the majority of companies were unable to obtain necessary loans for civilian-oriented production lines\textsuperscript{51}. Consequently, during the 1990s the Russian defence industry was not successfully converted to civilian industry, but rather experienced both hibernation and stagnation (Andres 2004: 687-706 and Earle & Komarov 2001: 103-144). At the end of the 1990s, a new government approach to defence industry emerged: the protection and rejuvenation through the integration of assets into big companies and engagement in a more aggressive state-controlled arms export policy. This approach coincided with Putin's arrival in 1999\textsuperscript{52}.

Putin's program introduced changes to the process of defence procurement. During the 1990s, attempts to create a mechanism for competitive tendering in defence procurement and R&D usually failed because only on small projects were there genuine competition, while all big contracts were monopolized. During the 1990s, all tenders were carried out directly by the Ministry of Defence, where according to some Russian analysts; over 50 different offices had authority to sign contracts\textsuperscript{53}. Such a situation allowed corruption and negligence to flourish. Since 2000, this system was replaced with one in which the Federal Agency of Industry runs tenders for companies applying for the contracts from the federal target programs (Bjelakovic 2008: 533).

In 2004, a change to the military procurement system was introduced with creation of the Chief of Armaments for the Armed Forces, at the rank of Deputy Minister of Defence. This organisation has become the sole signing authority within the Ministry of Defence for those procurement and servicing contracts that fall outside the federal target programs. In 2007 this organisation had evolved into the Rosoboronzakaz (Federal Service for Defence Contracts), with a mandate of streamlining all military procurement (ibid). While this agency formally belongs to the Ministry of Defence, there were plans to create a stand-alone federal agency to handle all government procurement and contracting\textsuperscript{54}.

In addition, an agency called, Rosoboronpostavka was established for procurement servicing of other national security users, i.e. other than Ministry of Defence (ibid). It was said by the government that the new agency is the federal
enforcement authority dealing with orders, payments, contracts, control and supervision of the contracts under defence orders. The Accounts Chamber of the Russian Federation is to perform the financial control and auditing of all these agencies, in order to break the pattern of misappropriation of funds and corruption. That the control and audit mechanism is actually working was demonstrated in the Accounts Chamber’s 2006-2007 report to the Russian parliament (Duma), where the Ministry of Defence was singled out for the “misappropriation of the federal budget” (ibid).

The increasing costs of the defense expenditures, especially in 2005-2006, propelled the Russian government and the presidential administration to introduce changes in procurement mechanisms, monitoring of defense orders implementation, and the division of functions and responsibilities between actors involved in the customer producer chains. The following adjustments were made:

- In March 2006, the Military-Industrial Commission (MIC) (Voennopromyshlennaya Komissiya) was established as a permanently functioning institution within the Russian government. MIC’s functions included centralizing and strengthening the operational management of the military industrial complex and acting as an institution for unified supply and equipment procurement for all power ministries, with the MoD having the leading role (Isakova 2007: 80). In particular, the MIC was in charge of coordinating the implementation of two federal programs: the “Military-technical policy of the Russian Federation until 2015” and the “Russian Federation’s policy in developing military-industrial complex until 2010” (Bjelakovic 2008: 534). Given the high profile of the commission’s chair, First Deputy Prime Minister Sergey Ivanov, and its secretary, Vladislav Putilin, as well as the expertise and interdepartmental character of the MIC’s scientific-technical advisory board, it was likely that the MIC was also formulating policy proposals before they were formally approved by the government or the president.

- In addition to MIC, the government also introduced a new agency to exercise civilian control of military procurement. The Federal Agency on Procurement of Weapons Systems, Military, and Specialized Equipment and Logistics was
to come into force by January 1, 2008. It will employ 1,100 staff with strictly civilian backgrounds. Thus, the Agency will introduce a civilian control of military procurement and MIC will become the main generator of innovative projects. The Agency's responsibilities will include placing state military and defense orders across all power institutions, preparing and signing contracts, funding, monitoring and accounting. However, the responsibility for the sustainability and development of defense systems in the operational manner is to be retained on the ministerial level (Isakova 2007: 80-81);

- The February 14, 2007 Anatoly Serdyukov former head of the Federal Tax Service, was appointed to replace Sergei Ivanov, as the new Minister of Defense explained the necessity to improve the accounting and supervision of the MoD spending. The need to fight corruption in public, purchasing in the defense sector and the ineffectiveness of the MoD's own supervisory institution played a role in the choice of Ivanov's successor (ibid)

However, analysts are skeptical about the integrity of the procurement policy. The skepticism is augmented by uncertainty as to which body briefs the Presidential Administration on military procurement needs: the General Staff of the Russian Forces or the government's cabinet. The creation of MIC tilts the issue in favour of the latter, that it will divert the control of government financial flows to the Presidential Administration, thereby reducing the role of the Ministry of the Defence because the Presidential Administration will receive procurement recommendations not from the General Staff. In effect, the MIC will have a privileged and unquestioned priority in that budget which is unaccountable to any legislative or regular government scrutiny (Blank 2008: 254). Moreover, these changes have been introduced in order to strengthen the central authorities' oversight over where and how government funds were to be spent (Bjelakovic 2008: 538). Thus, the idea behinds was to remove any kind of governmental or parliamentary oversight and are a part of what might be called the president's personal government.

6.4. Arms Export:

Another area significantly affected by Putin's institutional and policy changes has been the export of arms. During Soviet times, the role of arms sale was twofold: as a foreign policy instrument and as an element of global superpower competition.
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This approach to arms sales ended in 1991. During Yeltsin's presidency, arms sales were viewed in purely economic terms - the defence industry's main task was to earn hard currency through arms exports. Putin's approach has been to use arms exports primarily as a cash earner and only marginally as a foreign policy tool. Yet, the main difference in regard to Yeltsin's period was that Putin reconstituted the state control over the arms exports.

The collapse of the USSR in 1991 ushered in an area of chaos for Russia's arms exports. The state was slow to regulate and inefficient to control developments in this area. Some of the first regulatory efforts date back to 1993, when the state monopoly trading firm Rosvooruzhenie was established, though even after that a significant number of defence companies/factories maintained a right to sell their products directly to foreign and domestic clients. In 1997, another two government companies certified to sell arms were created: Promeksport and Rossiskie teknologii. In 2000, Rosvooruzhenie and Promeksport merged into Rosoboroneksport (the Russian Arms Export Agency), with Promeksport having previously taken over Rossiskie teknologii.58 (Bjelakovic 2008: 539)

The process of state monopolization of arms exports was completed in 2007, when legislative changes gave Rosoboronexport an absolute monopoly over international trade of defence related goods and services in Russia. While this may appear as a return to Soviet times, there were significant differences. First, Roboronexport is not a government agency, but essentially a state monopoly. Second, in stark contrast to Soviet times, the arms export monopoly, Rosoboronexport, gained ownership of significant portions of the Russian defence industry. For example, Rosoboronexport owns shares of companies such as the Kazan helicopter plant.

These new features might add more dynamics to the Russian defence industry. First while in the past the arms exporters were not interested in investing in R&D and insisted on buying existing platforms, the growing technology gap between Russian and western made weapons could soon make Russian arms non-competitive and obsolete even in their traditional markets. The need to upgrade not only their products, but also the way that the business is conducted, seems to be recognised among the Rosoboronexport “if military-technical cooperation is to be broadened with industrialized states; it would not be enough to sell readymade planes, helicopters and
tanks to them,...but training programs and training aids, first of all simulators, including the creation of service centers, and the formation of joint ventures.”

In recent years, Rosoboronexport has increased its value of exports. Russian weaponry is offered at lower prices than those of western producers, along with flexible finance policies and after-sale service (The Military Balance 2007: 191-192). Output of Russian-made military hardware has grown over the last years and is likely to be further boosted by increases in domestic funding as well as multibillion arms-export deals with Algeria, Indonesia, Venezuela, China and India (The Military Balance 2007: 192-914). In addition, after years of industry dependence on export orders, domestic demand was showing signs of recovery. The almost total cessation of arms purchases by the Ministry of Defense in the mid 1990s forced the defense sector to seek new markets. Exports became the only practical means of survival. In order to preserve the defense sector, the Ministry of Defense began to finance R&D programs that did not have direct application to the needs of the Russian armed forces, but which were aimed at foreign procurement (Liaropoulos 2007: 47-48)

After years of industry dependence on export orders, domestic demand did show some of recovery. The budget allocation for weapons procurement and R&D, known as the State Defence Order (SDO), was set at $9bn in 2006, with most funding going towards military modernisation rather than R&D. For 2007, it was $11bn, a 28% increase. The State Armaments Programme (SAP) 2007–2015, passed in December 2006, demanded a shift towards the full-scale production of military equipment. However, there are doubts about the industry’s current ability to fulfill domestic programmes in addition to its export commitments. Therefore, the programme puts off major purchases until 2009–10. The MIC has pushed for government funding to be channeled into raising the industry’s overall production capacity, with the government contributing $11.5bn towards modernisation and retooling. To prevent these funds from falling into the wrong hands, steps are being taken to curb corruption within the industry. Cabinet officials stated in 2006 that financial controls over defence-budget implementation were to be tightened considerably. The Ministry of Defence hired an external auditor to conduct research on the market costs of major weapons systems, and its procurement and finance agency that will introduce a uniform tender format for all armed services and non-
MoD security agencies. Weapons will be purchased at fixed prices and suppliers will be bound by tighter quality-control requirements and delivery schedules. While it is too soon to determine the success of these efforts, this is the first time that corruption has been tackled head on. These developments suggest a healthier future for Russia’s defence industry than could have been predicted a few years ago. However, the industry consolidation and modernisation efforts, as well as procurement reform and the drive against corruption, will present important challenges, requiring financial commitment and political will. Meanwhile, Russia will face keen competition in export markets from Western, and perhaps Chinese, manufacturers (Strategic Comments 2007:1 – 2)

As an industry shareholder, Rosoboronexport is making its assets competitive, and there are indications of increased investment in Russian defence R&D. Second, the export of Russian arms increasingly include in-service support arrangements, similar to the sale packages offered by the established western companies. Third, the Rosoboronexport in order to strive to become a world leader in arms exports; it might seek foreign partnership not only internationally, but also domestically. The arrival of foreign defence firms into the Russian market however is likely to proceed gradually, but the prospects of fresh investments and new technology might soften Russia’s traditional sensitivities when it comes to protection of its defence industry (Hayes 2008: 22; Cowan 2008: 28-30)

Despite the fact that the Russian defense sector has been on the rise in the last few years, it is important to point out that its future is uncertain. Investment on research and development has increased, but it is hard to compensate for almost a decade of economic starvation. In addition, Russia will have to compete for markets in China and India against these countries’ own arms industries. The EU’s plan to sell weapons to China will further diminish Russian arms sales to Beijing. Russia’s efforts to develop new markets in South-East Asia and Middle East point to the right direction. The drive against corruption, the success of the procurement reform and the need for increased funding will shape the industry’s future in the coming decade (Liaropoulos 2007: 47-48)
7. Vladimir Putin and the Army: Strengthening the control of the political authorities.

Establishment of civilian control over the military is an essential part of defense reform. Russian scholars make a clear distinction between “political,” “civilian,” and “parliamentary” control over the military. Vladislav Cheban, a former military strategist, has taken the position that civil control does not mean civilian, or nonmilitary, as such, but rather that the state’s control over the military and security services is manifested by having military or personnel from other national services monitoring the activities of the MoD and other security services in their role as citizens with special professional knowledge and understanding of the sensitive nature of information and respect for secrecy (Isakova 2005) This interpretation of a “proper pattern” for civil-military relations came about as a result of events Russia experienced after the collapse of the USSR.

7.1. Putin’s close control over the army

Whatever political influence the military may have acquired in the 1990s quickly diminished under Putin. Like Yeltsin before him, Putin had the opportunity to reverse the increasingly anti-democratic path of Russian military politics, represented by the army’s political participation and institutional decay. Given the substantial expansion of presidential powers and Putin’s own unprecedented popularity, he would have stood a good chance of success in redirecting civil-military relations onto a more democratic course. Instead, Russia’s new president actually reinforced the course of military politics. He achieved this by appointing high-ranking officers to important political posts, especially in his first term’ co-opting generals he had dismissed for their inappropriate behavior by giving them responsibilities in the state bureaucracy; and most importantly, permitting the top brass to resist radical defense reform that he himself advocated at the beginning of his term.

In examining the reasons for Putin’s approach to the military a number of factors must be considered. First, Putin’s role was critical in the launching of the Second Chechen War in 1999 and his early political fortunes were closely related to that campaign. The military elite’s more or less unqualified support for him dates from this point. Unlike Yeltsin, Putin did not interfere with how the generals fought the war and he drastically improved the armed forces’ supply and equipment.
Second, under Putin the power ministries in charge of defence, interior, border guards, intelligence services, and especially the Federal Security Service became the regime’s essential support base. In the past, Soviet and Russian leaders from Stalin to Yeltsin had gradually built up their personal support bases as they ascended in the party-state hierarchy. But Putin’s meteoric rise simply left him no time to cultivate a cadre of supporters. He could rely only on the backing of his former colleagues in the security establishment and in the St Petersburg city administration. Not surprisingly, former KGB personnel along with people from St Petersburg political circles were the primary beneficiaries of his appointments. According to a 2006 Russian Academy of Sciences study, 26% of the Russian elite were individuals formerly affiliated with military institutions (RFE/RL 2006). There were hundreds of former army (and thousand of security service) personnel at all levels of government and, a far higher proportion (21%) of Putin’s staff who were from his home region than in the case of his predecessors (Kaftan 2003: 10)

Another strong indication of President Putin’s political control over military matters to quell a feud for control of the Russian military was the decision taken in spring 2004 to downgrade the institutional status of the General Staff. Operational and administrative control of the armed forces was removed from it, and it had to revert to more classical functions: threat evaluation, development of theoretical doctrinal concepts, planning, strategy, etc. Many commentators have seen this institutional reform primarily as an expression of the desire of the Head of State to re-establish order at the top of the military command by putting an end to the conflict between Sergey Ivanov and Anatoliy Kvashnin, the Chief of the General Staff, in favour of the former (Main 2004: 24). This is without doubt an element in the explanation for the “downgrading” of the General Staff, which General Kvashnin had succeeded in making a very independent and politicized structure; furthermore, skeptical analyses of the impact of such administrative and institutional reforms are quite understandable, since such reforms have been legion within the army during the last few years, without any really noticeable effect. The fact remains, however, that the General Staff appears as a bastion of resistance to radical reform and as an effective defender of the conceptual and operational heritage of the Soviet era; consequently, the institutional offensive waged against it by legislative means.64 This could equally
well be interpreted as an effort to weaken the ability of the military to hinder reforms and to force it to become more open to the directives of the political authorities.

As a result of the gradual increases in executive power since 1993, in contemporary Russia the president has enjoyed virtually unbridled political authority to initiate policy and enforce its implementation without any authentic legislative or judicial opposition. This is particularly important to note because in the superpresidential authoritarian regime that Russia has become, responsibility for political outcomes must largely rest with the president. Instead of establishing civilian control over the military shared by the president, the government, and the legislature, Yeltsin and Putin equated civilian control with presidential oversight. They not only failed to promote legal instruments that barred soldiers and officers from holding elected positions but passively allowed (Yeltsin) or actively encouraged (Putin) their political participation.

The dismissal of Anatoly Kvashnin, the Chief of Russia's General Staff and replacement by General Yuriy Baluyevskiy as the Chief of the General Staff, who was reputed to be a staunch supporter of the Defence Minister as well as a "tame" personality, may well enable the Kremlin to impose its views more directly on the High Command. Moreover, Putin has repeatedly extended important appointments to members of the military elite he had previously dismissed, thereby presumably not only preempting their opposition to him but, in fact, turning them into loyalists. This form was practice during the Yeltsin period who, in 1998, rehired former defence ministers Grachev and Dimitri Yazov, former chief of the General Staff Mikhail Kolesnikov, and a number of other high-ranking army officers as well-paid "advisors" to the Defence Ministry or to the state-owned arms exporter Rosvooruzhenie, an organization described at the time as resembling "a system of common racketeering." (Barnay (1) 2008: 101) Putin, however, has expanded this custom starting with, the rehiring of the admirals he fired for their role in the Kursk accident. In September 2004 Putin named former General Staff Chief Anatoli Kvashnin, whom he had sacked for fomenting the long-standing, conflict between the General Staff and the Defence Ministry only two months earlier, as his representative in the Siberian Federal District. (ibid)
This sort of executive role, in turn, has fostered the institutional decay of Russian civil-military relations. Under Putin the legislature lost most of the influence it had managed to hold on to in the 1990s. In the first millennium there was indication that the Duma Defence Committee (DDC) might have been able to introduced defence reform and an institutionally more balanced form of civilian control of the military relations. Led by Andrei Nikolaev - a former army general who was the head of the Federal Border Service- the DDC made concerted efforts to increase the transparency of the budget process and to introduce legislation relating to defense reform. However, after the 2003 elections, most of the outspoken DDC members with defense related expertise were removed, and with them, the promise of an activist and skilled DDC. Thereafter the committee acted much like a military lobby trying to persuade the government to allocate more funds to the armed forces and, in exchange, gain some influence with the generals (Betz 2002: 500)

After a succession of defense laws the Duma retained two responsibilities vis-à-vis the armed forces: to pass pertinent laws and the defense budget. However, it could execute neither of these functions properly. First, in the Putin era, particularly after the 2003 elections, the legislature was gradually emasculated and it became quite reluctant to trouble the Kremlin with objections. New laws and regulations were the result of executive branch initiatives, not of independent parliamentary deliberations. Second, there was no mechanism for legislators to carry out any sort of budget control or to acquire details about the expenditures proposed by the Defense Ministry. The Putin administration succeeded in further reduced the parliamentary committees' already limited influence and ensured that control over the budgetary decision making remains exclusively in the executive branch (RFE/RL 2004).

During Putin era the most important locus of the military's political presence and the increasing authoritarian environment created by Putin, the political clout of influential generals invariably dependent on the president's good graces. In other words, they were not longer 'independent'; they were 'appointees', and their roles, though significant, have been confined to their appointed positions and limited by the loyalty they owe their patron. Moreover Putin filled important posts in his administration with military and especially security officers and encouraged others to run elected office. Indeed, the Putin era has been boon for the siloviki, individuals whose professional background is rooted in the power ministries.
7.2. Putin and his generals

When in 2000 Vladimir Putin became acting president, and then elected president, he quickly expanded and centralized his authority and brought the military under full presidential control. In contrast with the generals’ uneasy rapport with Yeltsin, the army and Putin forged ties advantageous to both sides. It helped that they shared similar views and many in the armed forces considered the president one of their own. Their bond was rooted in Putin’s instigation and steadfast support of the Second Chechen War and his allowing the army to fight the war with little interference from the Kremlin. The most important aspect of the Putin-army nexus was the top brass’s overwhelming support for the president. For much of his presidency Putin’s backing in the military proper was estimated to be 30-50% higher than in the country as a whole, a figure that must denote near unanimous support given Putin’s seemingly perennial 70 plus % over all public approval (Barany (2) 2008: 594; Isakova 2002: 221). A July 2006 poll found that as many as 87% (with a margin of error of less or equal to 3.4%) of citizens trusted him (Barany (2) 2008).

Nonetheless, the president did not shy away from criticizing the armed forces or pursuing policies that hurt the generals’ interest. First, even though officers’ salaries were repeatedly raised under his administration, their living standards improved less than they had hoped, largely as result of the taxation of military incomes that was introduced in 2001 (Poroskov 2005). The government’s policy to eliminate some benefits in 2005 was even more harmful because members of the armed forces had to pay for public transport in full (rather than the previous 25%), their pensions were taxed, they no longer received preferential household loans, and their in-kind food rations were cancelled. Moreover, Putin postponed the promised defense-sector salary increases when budgetary restrictions so required early on his presidency (Barany 2008 (2): 594-595).

Second, he repeatedly denounced the widespread and chronic corruption in the armed forces. In a November 2005 speech at the Ministry of Defense, for instance, Putin strongly criticized what he termed ‘unbridled thievishness’ in the armed forces. He claimed that the military’s resources were shameless exploited by high-ranking officers who took foreign tourists on paid flights, operated illegal petrol stations and arranged treatment for crime bosses at military hospitals on a commercial basis.
Third, Putin occasionally directed the top brass to do things they were loath to do. For example, in 2001 he ordered the reluctant generals to co-operate with the United States over Afghanistan and stifled their opposition to the US’s use of Central Asian military bases on Russia’s periphery in 2001 (ibid).

Finally, although the president was reluctant to sack or reduce in rank prominent military leaders, he did so when left with no alternatives: for example, Admiral Vyacheslav Popov (2001) for his role in the sinking of the Kursk submarine; General Gennadi Troshev (2002) for his outspoken criticisms of state policy; and General Anatolii Kvashnin (2004) for provoking a feud between the General Staff and the Defence Ministry. It is equally important to note, however that Putin nearly always bestowed important offices in the state bureaucracy on those he disciplined, especially if he perceived them to be popular or to honour political aspirations (Ermolin 2005). In so doing he not only pre-empted their opposition to him but, probably, turned them into loyalists and deflated their ambitions for higher political office. The above mentioned generals, for examples, received appointments of representative of the Murmansk region in the Federation Council (Popov), presidential military-security adviser (Troshev), and presidential envoy in Siberia (Kvashnin).

Clearly, the overall relationship between Putin and military elites was very beneficial to both sides. Particularly, over several years, the overall working conditions and living standards of the officer corps improved and their mission and role in support of the Kremlin’s foreign policy initiatives received recognition. At the same time, the army leadership’s independent political influence largely evaporated under Putin even if a number of generals enjoyed- particularly in his first term- a political presence. There were noteworthy differences in the generals’ political role in the 1990s and after. In the increasingly authoritarian environment created by Putin, the political participation of the top brass was invariably dependent on presidential goodwill. In other words, they were no longer ‘independents’; they were ‘appointees’ and thus could not get away with the defiant conduct characteristic of Lebed and Rodionov. If under Yeltsin only the generals’ own ambitions limited their political prospects, in the Putin era their roles were strictly confined to their appointed positions and limited by the loyalty they owed their patron. While Yeltsin’s Kremlin
aimed to foil the political ambitions of generals after 1995, Putin actually appointed a number of leading generals to consequential political jobs.

Especially in his first term, Putin actually urged trusted generals to enter politics, he selected numerous military cadres to head the country’s federal districts as presidential envoys, and he actively supported the candidacy of high-ranking officers for elected office. Many succeeded, and a handful became governors. In the 2000 regional elections, for example, three of the four army generals who ran for governorships won (in Kaliningrad, Ul’yanovsk and Voronezh regions); dozens of others were elected to head of city administrations or gained other posts. Nevertheless, owing to the president’s success in reducing the regions’ autonomy and gradually turning governorships into appointed rather than elected offices, in yet a further step away from democratic pretensions, the generals were required increasingly to stay on the Kremlin’s good side (Chadaev 2005). In Putin’s second presidential term, however there was a discernible diminution in Putin’s enthusiasm for the appointment of military leaders to top administrative positions even as the role of those from the security services expanded.

It is not entirely clear whether Putin’s choices of defence ministers were beneficial or detrimental to the military elites. After taking office, he kept the long-serving Yeltsin appointee, Marshal Igor Sergeev, in place until March 2001. Sergeev had a prolonged and public quarrel with Kvashnin- centring primarily on funding priorities and reform initiatives- that had become increasingly embarrassing for the armed forces. His replacement was Sergei Ivanov, a close associate of Putin’s and as a former FSB general, a civilian of sorts. The top brass were initially unhappy with Ivanov’s appointment- he was not a military leader and, more importantly, he was expected to push through unpopular defence reforms- but, in the end, he posed no threat to their privileges. In fact, as was widely noted, Ivanov ‘went native’ and in most critical situations he tackled he actually took the army’s side rather than Putin’s (Golts 2004: 91; 2007). Although he had some successes in managing the ministry’s finances, Ivanov failed to alleviate a number of major problems, from the pervasive hazing and the widespread corruption to devising a coherent doctrine and development programme. In February 2007 Putin promoted him to First Deputy Prime Minister and named Anatolii Serdyukov as his successor. Serdyukov, a former furniture salesman and head of the Federal Taxation Service, was the most perplexing
personnel appointment of Putin’s presidency. He was an authentic civilian who seems not to have distinguished himself in any apparent fashion nor displayed any interest in military matters prior to his appointment, thus confounding both journalists and the defence establishment (Poroskov 2007). It may well have been that, as a respected watchdogs of financial improprieties in his previous job, Serdyukov possessed precisely the skills that the armed forces most needed. Given the absence of real civilian oversight, how moneys were actually spent remained a mystery to all but a few individuals in the ministry. Serdyukov vowed to ‘improved the financial efficiency of the military’s activities to ensure that they don’t spend rouble needlessly and so that the army suffers no losses’ (Kosarev 2007: 23). At this point it is unclear what his appointment meant for the armed forces in general or for the military’s political influence in particular.

Putin’s conduct toward the military frequently depended on the given context. Similar to his predecessor, he made sure to entice the armed forces with promotions and other rewards just before elections. Prior to the 2004 presidential vote, for instance, he did his best to project a ‘tough guy’ image calculated to appeal to the military-security people as well as the general public: he went on a high-visibility tour of military exercises and installations. Putin spent three days overseeing a military exercise near Murmansk, and then travelled to a cosmodrome in northern Russia to witness the launch of a rocket carrying a military satellite (Balmforth 2004; Vladimirov 2005). He flew on supersonic bombers, submerged in nuclear submarines, sailed abroad numerous military vessels, and observed joint-force manoeuvres, often while donning the uniform of the appropriate service. Needless to say, cameras were seldom absent from these events staged to show the president’s closeness to the armed forces. Putin’s decision to resurrect a number of Soviet-era symbols, among them the armed forces’ emblem, the red star, and to decorate retired military leaders’ popular with the top brass, such as the former defence minister and erstwhile coup-plotter, Dmitri Yazov, must have also pleased many generals (Barany 2007). The most important indications of the military elites’ standing in Russian politics, however, was their enduring success in stonewalling the implementation of the radical defence reform that directly countered their corporate and personnel interests.
7.3. Putin and Militocracy

Since the election of Vladimir Putin as President of the Russian Federation in March 2000, the appointment of figures with a force structure background— the so-called siloviki— to political and administrative posts has attracted the attention of academic analysts and journalists both in Russia and in the west. The purpose of study here to explain that the rise in the numbers of siloviki under Putin was mainly due to personal links and loyalty and not an individual institutional background in the force structure per se have been the central rationale for political appointments under Putin.

Olga Kryshtanovskaya and Stephen White wrote about the drawing of a ‘stream of people in uniform into Russia’s power structures’, which they saw as characteristic of Putin’s leadership. Terming the system Putin sought to create, in their eyes, a ‘militocracy’, their message was unequivocal: ‘the more it becomes a militocracy, the more post-communist Russian politics will take on the characteristics of the wholly formal democracy of the Soviet period’ (Kryshtanovskaya & White 2003: 304). In the words of Richard Sakwa, the rise in the number of siloviki, which emerged under Boris Yeltsin and framed Putin’s scope for political decision-making particularly in the early stages of his presidency has been termed as a ‘regime system of rule’. (Sakwa 1997, 2002, 2004). To Sakwa, political appointments were highly personalized and centered on the president constructing ‘tactical combinations to maintain a balance pivoted on himself’ (Sakwa 2002: 458). Barany argues that, Putin restored the strength of the central state and brought the military politics under his control, by reinforcing the course of military politics by (a) appointing military personnel to important political positions; (b) allowing the top brass to successfully resist radical defence reform—reform that Putin himself was initially a strong advocate of; and (c) co-opting generals he rightly dismissed for their inappropriate behavior by giving them responsibilities in the state bureaucracy (Barany 2007: 99). The increased of personnel with security and military backgrounds in the state administration has let to developed a new concept called, “militocracy,” to describe the ruling elites in Putin’s Russia. Thus in the words of Bettina Renz, personal links and loyalty were the predominant determinant for political appointments under Yeltsin, whose regime was centered on the so-called ‘Family’. When Putin became acting president in December 1999 he inherited this political system. Lacking a ready-made political base of his own due to his short experience in federal politics, and not being able to resort to
institutionalized channels of recruitment via parliament or political parties, he had no choice but build his own power base on trusted individuals he had previously worked with. Thus, due to Putin’s previous career, a rise in the number of siloviki was inevitable rather than a conscious policy to strengthen the political influence of the force structures (Renz 2006).

7.3. 1. Yeltsin and the Siloviki

The appointment and election in Russia of siloviki to political posts is not unique to the Putin era and should not be overemphasized as characteristic of his leadership alone. The appointment of siloviki to high-level political or administrative posts was relatively common, particularly in the second half of Yeltsin’s presidency. General Aleksandr Lebed was made secretary of the Security Council, albeit for a short time, in August 1996. Moreover, Yeltsin appointed three Prime Ministers with a force structure background. These were Evgenii Primakov in September 1998; Sergei Stepashin, who had previously served as interior minister and Deputy Prime Minister in Primakov’s government in May 1999’ and Vladimir Putin in August 1999. A number of former FSB officials were appointed to key positions in Yeltsin administration (Renz 2006: 905-906).

Kryshtanovskaya and Stephen White pointed out that, it cannot be overlooked that the number of siloviki in leading positions under Yeltsin was lower than has been the case during Putin’s presidency (Kryshtanovskaya & White 2003: 294). Within the particular context of elite recruitment in the regime system of rule that emerged under Yeltsin’s leadership, however, it appears unlikely that this numerical difference can be explained by the fact that Yeltsin, unlike his successor, sought to exclude siloviki from the political process as a matter of democratic principle. Yeltsin’s regime system was characterized by a ‘supraparty technocratic government of “professionals” subordinated to a strong presidency’ (Sakwa 1997: 9).

The key group in politics and the predominant power base of the Yeltsin regime was centered on the so called ‘Family’- a fluid group of favoured Kremlin insiders. These included powerful oligarchs like Boris Berezovskii and Roman Abramovich, but also less prominent figures, such as Berezovskii’s former business partner and head of Yeltsin’s presidential administration. Aleksandr Voloshin, Yeltsin’s daughter, Tatyana Dyachenko and Pavel Borodin, a high ranking state
officials (Sakwa 2004: 64). Thus, due to the personalized character of the regime system, important political appointments naturally focused on figures and allies of Yeltsin’s ‘team’ or inner circle, the appointment of persons outside this group, including some siloviki, to political posts can be seen to be part of Yeltsin’s strategy of maintain power and balance interests. But both siloviki and civilian appointees alike were also subject to the same arbitrary ‘hire and fire’ strategy that accompanied the highly personalized system of governance of the Yeltsin regime. From this point view, siloviki were regularparticipants in Russian politics already under Yeltsin’s leadership.

7.3. 2. Putin and the Siloviki

When Putin emerged as Yeltsin’s chosen successor for the presidency at the end of 1999, some political analysts interpreted the rising number of politicians and officials with a force structure background as a conscious policy choice and strategy of the new president. Kryshtanovskaya and Stephen White described this development as a “military-president” project (Kryshtanovskaya & White 2003: 290), and Petrov opined that it demoted a ‘peaceful military takeover’ (Petrov 2002: 88). However, Renz argue that the increasing number of siloviki was determined by the under-institutionalised process of elite recruitment rather than by a strategic decision to increase the force structure’ political influence. In order to attain a degree of autonomy that would permit him to pursue his own policies, Putin had to establish his own power base utilizing the possibilities at his disposal within the framework of the political system he inherited (Renz 2003: 907).

Putin’s reliance on the personal loyalty of former colleagues in building his own ‘team’ was perceived by many as the obvious explanation for the increasing number of siloviki with a force structure background, were personal links and loyalty typical of the personalization of the political system of post-soviet Russia. Numerous analysts have highlighted the growing influence of the siloviki on Russian politics. For example, the writer of an article in Novaya gazeta opines that “the ‘chekist’ (veterans of the security forces) clan from St. Petersburg, having all the signs of a domestic junta, numbers up to 6,000 representatives, holding various governmental, public, and commercial positions” (Rutland 2005: 170). Victor Yasmann of Radio Free Europe/Radio Liberty argues that the “enhanced role of former KGB and other
secret-service veterans in Russia..... (is) an attempt to return to Soviet traditions and norms” and predicts that “domestic policy continue to be transformed into little more than a series of special operations” (Rivera & David W.Rivera 2006: 126). According to Kryshtanovskaya and Stephen white, in Putin government every fourth member of the Russian elite had a military or security background and their numbers developed during his tenure (Kryshtanovskaya and White 2003: 289)

In addition to these journalists, many Western and Russian scholars have arrived at similar conclusions about the penetration of the Russian state by the siloviki. For instance, Putin’s appointment of Mikhail Fradkov as prime minister in early 2004 has been interpreted as a nod to the security services, owing to Fradkov’s background in agencies “affiliated with the KGB/FSB” (Kryshtanovskaya 2004). In a large study of Putin-era elites, Olga Kryshtanovskaya and Stephen White (2003) reported that military-security representatives increased from 11.2% of the Russian elite in 1993 under Yeltsin to 25.1% in 2002 under Putin. They conclude that, “if it was only a few generals who had moved into politics there would be no reason to attach a larger significance to their recruitment. But what has been taking place is not a small number of individual movements, but a wholesale migration that accounts for 15 to 70 percent of the membership of a variety of elite groups” (Kryshtanovskaya and White 2003: 293-303). In the words of Zoltan Barany, approximately 75 percent of Putin’s appointees have a background in the internal security apparatus, intelligence, law enforcement, or lesser extent, the military, and they occupy more than one-third of the influential posts in the three top tiers of the government (Barany 2007).

Another area that Putin pursue his policy of using siloviki as a tool in the hands of the president to strengthen his authoritarian policy rather than a conscious strategy was in the presidential administration and federal ministries. As a result of administrative reforms in 2004, the power structures were subordinated directly to the President. In order to overcome the institutional autonomy of the military, particularly as expressed in the ministerial opposition to reforms dealing with corruption within the defense and security establishment, the Presidential administration enforced vigorous personal presidential control over the military/defense and security establishment. Though there already was a tradition of strong presidential control over
the military in Russia (Isakova 2002: 215-233), the phase can be characterized as an attempt to put the FSB under tight presidential control. Two measures will illustrate:

1. The personnel policy in the Federal Security Service (FSB) has been made under presidential control since December 2005 (including the numerical strength of the service).

2. First made public in September 2005, (Nezavisimaya Gazeta, September 28, 2005) an independent investigative unit within the Ministry of Justice has been created, but it is subordinated directly to the President. It has the specific functions of monitoring and investigating any violations of regulations and/or corruption charges brought against personnel in the power block ministries (siloviki). The first results of the investigative work of the unit were revealed in May 2006, when high-ranking officials in the FSB, counterterrorist units, Ministry of Interior, Customs, and the Prosecution Office were dismissed from their positions on charges of corruption and criminal activity (Isakova 2006: 57).

3. The FSB’s status was made equal to that of a ministry (Barany 2007: 156)

According to the biographical data of 47 leading officials in Putin’s administration published on the official Kremlin website in 200568, nine had a force-structure background. None of these were in the top three positions of the administration. Four of the nine officials were presidential plenipotentiaries in the federal districts (Renz 2003: 909). Various scholars also highlight Putin’s early reforms of the federal system as a prime example of the force structure policy. The creation of seven new federal administrative districts only months after Putin’s election as president in March 2000, and the appointment of siloviki to head five of these regions, contributed much to the interpretation of Putin’s reliance on former force structure personnel as a strategic plan. The appointment of siloviki to head the federal districts however was not a long-term strategy. In 2003 and 2004 respectively, two of the initial appointments – Putin’s former KGB colleague Cherkesov and army general Kazantsev, were replaced with civilian career politicians and administrators. In September 2004 Army General Anatolii Kvashnin was appointed to head the Siberian federal district (ibid: 908-909) . By some calculations, approximately 70% of the staff of the presidential envoys (including their deputies and federal inspectors)
hails from the military and security organs (Petrov: 2005). A specialist on the Russian military comments that “the degree to which power ministry officials dominate federal district structures is striking” (Taylor 2002 b).

Most scholars writing on this subject also seem to agree that even if they are increasingly present in the halls of power, the siloviki are balanced by other important groups surrounding Putin. For instance, Andrei Makarkin contends that when people speak of the “Petersburgers” (pitertsy) who exert influence on Putin, they usually mean those who worked in the Leningrad branch of the KGB, and to a lesser extent, liberal intellectuals who worked in the mayor’s office. Yet there is another category of elites who “did not work in the KGB or in the mayoral administration but were well-acquainted with the future president as far back as in the 1990s and who currently occupy significant posts in Moscow and St. Petersburg” (Rivera & David W Rivera 2006:128). Likewise, Nikolai Petrov and Darrell Slider, identify four sources of elite recruitment into the Putin administration: former colleagues from the Leningrad-St. Petersburg FSB, “lawyers and former colleagues from [Leningrad] Mayor Anatolii Sobchak’s administration, liberal economists, and so-called ‘unallied individuals’”. (Petrov and Darrell Slider 2005). Moreover, some stress the lack of cohesion within the siloviki. For example, general director of the Center for Political Technologies Boris Makarenko argues that the siloviki do not constitute a “unified political group”(Rivera & David W Rivera 2006:128-129). Nevertheless, the overwhelming consensus of this school of thought is that the siloviki are an increasingly powerful presence in Putin’s elite.

In sum, when Putin became acting president in December 1999 he inherited a political system that both allowed him to and, to an extent, left him no choice but to rely, at least in part, on representatives of the force structures. No institutionalized channels of elite recruitment were available to him and the political regime was highly personalized. Due to his rapid elevation to power, he lacked a readymade shadow government able to run the federal state machine (Sakwa 2004: 61). Thus, in addition to retaining key figures of the Yeltsin era, Putin formed his government with reliance on trusted individuals he had previously worked with. Inevitably, some of these personalities came from the force structure. From this point of view the number of siloviki in political posts rose under Putin because of the nature of the political
system he inherited, and not as a result of a consciously pursued strategy of establishing a ‘well ordered police state’ (Kryshtanovskaya and White 2003: 303)

8. Conclusion

The establishment of civilian control over the military is an essential part of the defense reform. Today, most efforts in increasing the participation of civilian experts in military oversight are done in the state domain. Although the president and parliament exercise primary control over military structures, new patterns of civil control are emerging in the Russian public administration (Isakova 2002: 215-32) among them is the Public Council created by the Minister of Defence in accordance with the presidential order No.842 of August 4, 2006. The order requested the establishment of public councils under the umbrella of federal ministries, services and agencies that fall under the presidential control and all federal services and agencies that are under the jurisdiction of those federal ministries. The Council has a consulting mechanism and report power abuses among federal institutions. The Council has six commissions dealing with the public scrutiny of legal documents initiated by the Minister of Defence. For instance, a bill dealing with financial support of conscript soldiers with children was debated in 2007. The Council’s other functions include social and legal security of military servicemen and the Minster of Defense’s civilian employees, as well as military pensioners; securing the conditions of the military service, discipline and law enforcement; public promotion of the military and defense service, its prestige and patriotic education. In February 2007, the Ministry of Emergencies and the Civil Defense department followed the Minister of Defence example in establishing a similar council (ibid: 232-33). However, the efficiency of such form of civil control is yet to be seen. The current measures taken by the Minister of Defence in implementing the defense reform demonstrate the centrality of the defense reform in the Russian government’s domestic and foreign policies. Although the present changes are transitional in nature, their results will lead to more systemic changes by the 2010s. These innovations also demonstrate the pattern of future developments within the Russian Federation’s defense structures, as well as opportunities for international cooperation in the military and defense spheres.

Analysis of current developments in Russian defense reform shows that, despite a very slow and rocky start extending even to the present, defense reform is
happening steadily, although still very slowly. Elements of the reform “road map” are indeed being implemented when conditions are conducive. Marked change can be expected to be visible by 2008-10, when the Russian defense and security establishment will review results of progress in professionalizing member institutions. This is the period when serial deliveries from the procurement programs are expected to reach the armed forces and services.

However, the critical problem of defence policy is that the failure of political and military elites to sort out what type of conflicts the country should prepare for inevitably prevents the formulation of a consistent grand strategy and doctrine. In other words, politicians and generals seem not to have reached a solid consensus on who their enemies are and how to fight them in a potential future war. Consequently, the generals oppose the abolition of conscription because they want to retain the capability of raising large armies with a deep pool of reservists. They have, time and again, rejected the idea of creating a relatively small (600,000- to 800,000-strong), mobile, well-trained and appropriately equipped force to fight in local and regional conflicts while countering others with nuclear deterrence.

The 1996 Defense Law granted the Ministry of Defense and the General Staff fundamentally equal status, which virtually ensured that they would compete for decision-making authority. In 2004, however, in response to the protracted conflict between the two institutions, the Duma (the legislature’s lower house) modified the Defense Law and formally established the defense minister and the ministry’s superiority over the general staff and its chief. The amended version of the law entrusts the MoD with the administrative and operational command and control of the armed forces. Although the Defense Law omits all references to the role of the General Staff, it may become a research institute or think tank, the “brains of the army,” charged with preparing threat assessments and doctrinal documents for the ministry to review. This was potentially the most important defense-related legislation in recent years, and it codified the General Staff’s worst-case scenario and “potentially” because laws passed by a mostly rubberstamp legislature can mean very little in Russia: They can be open for varying interpretations or rewritten as changing circumstances demand (Barany (3) 2008: 43). The General Staff, led by its capable chief, Yury Baluyevskiy, has maintained its traditional role that revealed the General Staff’s official recommendation that defence reform be halted. Not
unexpectedly, Baluyevskiy and his generals applauded the presidential announcement marking the “conclusion of radical military reform”72. They were pleased with repeated declarations by Putin and Ivanov that “it would be impossible for Russia to switch to an all volunteer military force”, that the draft would be expanded, and that, “we are destined to have a strong army….in the range of 1.134 million”73.

After the culmination of the political struggle between the executive and the legislature in 1993, the Russian head of state acquired “superpresidentialism” powers74. The President’s prerogatives vis-à-vis the defence establishment further increased after Putin expanded his control over the power ministries (minister of defence, interior, emergency situations, and others) at the expense of the government (which I have discussed in chapter III). Moreover, Putin thus appointed or recruited a large number of siloviki owing to his personal conviction that these individuals were professional, they had useful administrative and organizational skills, and they possessed the corporate values and integrity he was looking for. These people were straight shooters whose personal loyalty Putin is confident of. At the same time, from the perspective of democratic development security officials are not the sort of individuals one would expect to promote transparency in politics, the accountability of public figures, or a robustly independent civil society. Given Putin’s authoritarian predisposition, there is hardly a reason to overlook them. In the works of Alferd Stephan typology of the military institutional prerogatives reveals that the Russian armed forces’ political role is troublesome (i.e. “high”) in two important respects. First, at present the military does not provide the legislature with the type of detailed information that would allow actual oversight of the defence budget. Second, contemporary Russia is a textbook case of Stephan’s sixth military prerogative: “active duty military officials fill almost all top defence sector staff roles” and civilians are essentially shut out from this occupational field (Rutland 2005: 170-173). Thus, in his effort to “shake up” the army, President Putin has probably benefited from the fact that over the past ten to fifteen years, the “camp” of military leaders who are in favour of president have become steadily larger and also increased the military elite known as siloviki in the Putin’s government.

In a superpresidential system like Russia, where the president is accountable to policy implementation in relationships with the armed forces, the power ministries, and the legislatures, the superpresidential has led to restriction of legislative authority
without which there can be no institutionally balanced control over the armed forces. Since both Yeltsin and Putin have equated civilian control over the military with presidential oversight, they denied themselves the potential benefits of an autonomous parliament continually prodding, criticizing, and supervising the armed forces (Barany 2007: 167). Thus, they have not only failed to promote a legal instrument that prohibit the political activism of military personnel but have actually encouraged the generals' political presence in concert with their own political interests, appointed military men to important political posts, and allowed continued military opposition to defence reform. This sort of executive role, in turn, has fostered the institutional decay- the gradual erosion of institutional rules and norms- in Russian civil-military relations. The bottom line is that as long as the armed forces are not held accountable by civilian authority, the prospects of substantial defence reform will remain minimal.
End Notes

1 On 12 August 2000, shortly before mid-day, the Russian nuclear submarine missile cruiser Kursk sank in the Barents Sea at depth on only 54 fathoms, about 324 feet (more shallow than the submarine was long) during a tactical exercise. This submarine became the grave for 118 men, including their commander, Captain Gennadiy Lyachin- one of the best in Russia’s submarine fleet; cited in Robert Brannon (2009), “Russian Civil-Military Relations”, p. 13.


3 The top priority was to modernize the Armed Forces. Current objectives include improving the structure and organization of military units and gradually moving over to a contract-based professional system of service. Other priority tasks include improving troops’ combat readiness and providing the Armed Forces with new generation arms and equipment. Building up a good base of commanding officers that can succeed each other, and keeping discipline among the troops are also important tasks. Another priority is to improve the work of the military prosecutor’s office [to root out corruption), see Kris D. Beasley, “Russian Military Reform from Perestroika to Putin: Implications for U.S. Policy, 2004, http://www.afsearch.org/skin_rims/.../display.aspx


5 Vladimir Putin said continuation of Military Reform is one of priorities, in Pravda, 25. 06. 2002; cited in Fanourios Pantelogiannis, ‘The Russian Military Reform’ in http://www.iehei.org/....../biblioth.../pantelogiannis.pdf

6 Thus, Dick points out that in Soviet times, a world War was defined as an attempt by international capitalism to extirpate the forces of socialism. Perhaps the new military doctrine contains an equally paranoid echo of this thinking, with a World War being seen in the context of an effort to crush or dismember Russia, see Dick, “Russia’s New Doctrine Takes Dark World View,” http://www.janes.com/articles/Janes-Intelligence-Review-2000/Russia-s-new-doctrine-takes-dark-world-view.html, p.18.

7 One of the fundamental differences between the ministry and the General Staff has to do with Russia’s military doctrine. It also portray the conflict between the Ministry of Defence and General Staff. The 1996 Defence Law (Article 13, Section 2) granted the Ministry of Defence and the General Staff fundamentally equal status that virtually ensured that they would compete for decision making authority. By naming Segei Ivanov as the new defence minister in March 2001. Putin signaled the elevation of the ministry over the General Staff. In June 2004, the Duma modified the Defnce Law and formally established the defence minister and ministry’s superiority over the General Staff. This was potentially the most important defence related legislation in the past several years and it codified the General Staff’s worst case scenario in Zoltan Barany, Democratic Breakdown and the Decline of the Russian Military, United States of America, Published by Princeton University Press, pp. 136-138.

8 While Putin left Yeltsin’s direct appointees in place for the first year, he was not afraid to fire those further down the chain. He fired six senior officers in the RSVD who weren’t willing to go along with his plan to reduce the RSVD to a branch. After the Kursk disaster, he fired 14 senior naval admirals and captains, allegedly for their complicity in the Kursk affair, but more likely because they were hard-line conservatives opposed to his plans. He also fired Colonel General Leonid Iavashov, another ultraconservative and one of the most vocal critics of his efforts to improve ties with Washington. Umbach, 13; Dr. Mark Galeotti, “A Military Reform Consensus”, Jane’s Intelligence Review, February 2002, 48-49.

9 The civil-military relationship in Russia began to change dramatically shortly after the Kursk tragedy. By early 2001, there were increasing signs that Putin was ready to implement significant reforms in the
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military force structure, beginning with the way it would be supervised in Robert Brannon (2009), 
Russian Civil-Military Relations, p. 12-13; in November 2001 he demoted the group of admirals 
responsible for the submarine’s disaster by firing the top generals in Alexandr Golts (2004), “The 
Russian Volunteer Military: A New Attempt?”, European Security, p.64; and for detail see Dr. Mark 

10 Alexander Golts, “Generals Cling to Cold War Pat””, Bangkok Post, 14 July, 2003, in Zoltan Barany 
597-627

11 “The President Has Focused on Solving Problems of Homeless Officers,” trans. Alexander Dubovoi, 
from Perestroika to Putin: Implications for U.S. Policy, Maxwell Air Force Base, Alabama, April 2004, 
URL: http://www.afresearch.org/skins/rims/.../display.aspx?

http://www.afresearch.org/skins/rims/.../display.aspx?

13 Chronology, Military Reform Actions during Putin Administration, November 21, 2001 section; 

14 Chronology, June 3, 2002 and October 3, 2002 “Putin calls for military Reform” Jamestown 

15 Chronology, December 19, 2002 section; Ivan Safronov, “Sergei Ivanov Has Reported On The 
Conceptual Plan Of The Military Reform To The President,” Kommersant, 20 November 2002, pg. 2, 

16 ibid

17 Nikita Petrov and Filipp Sterkin, “Airborne Troops Are To Receive Modern Equipment,” 

18 On the issue of social and economic reforms in 2004-5, for a detail analysis see, Aleksandr Golts, 
“The Social and Political Condition of the Russian Military” in Steven Miller and Dmitri Trenin (eds), 
The Russian Military: Power and Policy, pp.73-94.

19 For details about the speech log in to www.news.bbc.co.uk

20 The right of draft-age young men to opt for civilian service instead of conventional military duty was 
already enshrined in the 1993 constitution. This right, however, was not only unguaranteed by proper 
legislation for nearly a decade, but, in fact, individuals who intended to choose alternative service were 
hauled off to jail as recently as 2000. A 2004 law specified that alternative service must be performed 
away from the individual’s permanent residence. This stipulation creates new opportunities for 
corruption (i.e., influencing the decision of where civilian service might be performed) and makes it an 
expensive substitute for regular duty because those electing alternative service must pay for their 
Review, February and March, No.147.

21 In 2001, over 170,000 servicemen’ families were in need of improving their housing conditions. 
From 2001, the Russian Federation’s MoD received more than 140, 000 apartments. In comparison 
with 2001 the number of those waiting to receive permanent living accommodations was cut by a 
quarter. On January 1, 2007 the MoD had 223, 000 apartments registered on its budget as the official 
housing accommodation. It needs to receive an additional 320,000 housing facilities for official 
accommodation purposes as part of the housing program for 2007-2010. It means that the MoD has to
add to its balance up to 40000 flats/houses annually to meet the target goals of providing servicemen housing accommodation. The MoD increasingly hopes that in addition, over 30,000 new flat owners are to be added to the list of house owners through a savings and mortgage benefit system, refer to: Ivanov, "Segodnya vooruzhennye sily nahoditsia v svoei nailuchshei forme za vsii postsovetskyu istoriyu."


29 See the article, "Military-Industrial Complex: Soviet Union", in http://www.lycos.com/info/military-industrial-complex--soviet-union.html

30 In the Soviet Union most production of weapons and military equipment was undertaken by organizations subordinate to a set of powerful industrial ministries, eight or nine in number in the final years of regime. Under Yeltsin this ministerial system was disbanded and control of the Russian defence industry passed to a much weaker Committee for the Defence Industry, upgraded in 1993 to a state committee, Goskomoboronprom.


32 In October 1992, the Committee on the Defence industry was set up by President Boris Yeltsin. The Russian Committee on the defence industry, or Roskomoboronprom, was divided into eight departments. The eight departments were Aviation industry, Ammunition and Special Chemical Products, Armaments Industry, Communications Industry, Radio Industry, Missile and Space Technology, Shipbuilding Industry and Electronics Industry. Roskomoboronprom was responsible for all the defence industries and their activities, both civilian and military. This committee was much weaker than the old ministries under VPK (Soviet Military Industrial Commission or Voyenno-

33 Roskomomoboronprom (The Committee on the Defence Industry) was elevated to the status of State Committee on the Defence Industry (SCDI) (Goskomoboronprom) in September 1993. Goskomoboronprom was the successor to the Soviet Military Industrial Commission and various ministries responsible for defence production. Some 2,500 defence related industries, research institutes and design bureaus were under Goskomoboronprom. In May 1996, Goskomoboronprom was upgraded to create a ministry of the Defence Industry (Minoboronprom). In March 1997, (Minoboronprom was dissolved and most of its functions was transferred to the Ministry of Economy,


35 This 164 page unclassified document includes a list of enterprises and research centers the government intends to preserve beyond 2006 as formal components of the so called “defence industrial complex” (“oboronno-promyshlennyi complex [OPK]),” a term that officially replaced the former designation “military industrial complex” (or VPK), cited in Vitaly V. Shlykov, “The Russian Defence Industrial Complex After September 11”, in European Security, 2004, Vol.12 (37): 37.


38 To strengthen its hand, on February 26, 2002 the Putin government issued resolution N0.131 on the status of the State Register of military, special, and dual nature R&D, the rights to which belong to the Russian republic. According to the resolution, a procedure ought to be developed to compile a unified State Register of R&D. The government main aim was to use its rights to the intellectual property as a means to nationalize, at least in the early years of reform, in V. Shlykov, “The Russian Defence Industrial Complex after September 11”, European Security, vol.12, pp.41-42.


41 Though, this already exists in several cases. Some Russian portfolio investors started acquiring stakes in more promising defence factories- the Prosperity Capital Management Fund owns shares of Voronezh Aircraft Corporation. Similarly, the Sistema Joint Stock Company, essentially a venture fund whose portfolio includes cell phone provider VimpelCom, owns RTI Systems, a producer of early warning radar systems. On the inner workings of Russian venture funds see C. Henderson, ‘Shvartsman’s extraordinary interview’. The ISCIAnalyst December 17, 2007 in http://www.bu.edu/iscip/digest/vol14/ed1406.html#domestic.

42 The first system-building integrated structure to be set up under the program was the aviation holding company Sukhoi. President Putin signed the decree establishing this new entity in November 2001.
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May 2003, three more holdings had been created be similar decrees cited in Vitaly Shlykov (2004), “The Economics of Defence in Russia and the Legacy of Structural Militarization” in Steven Miller and Dmitri Trenin (eds), The Russian military: Power and policy, Cambridge, MA, MIT Press.

At this point, the purchase list was short, yet it publicised highlights include the acquisition of 3000 new armoured vehicles and the upgrade and repair of an additional 5,000 tanks and armoured personal carriers; 60 “Iskander” missile complexes and the fielding of 18 divisions with S-400 air defence missile complexes; 1,000 airplanes and helicopters for the Air Force; and dozens of ships, including five nuclear submarines, for the navy. See Konstantin Lantratov, ‘On the 2nd June Defence-Industrial Committee Approved the Project of State Arms Program for 2007-2013,’ Russia and CIS Observer, http://www.ato.ru/rus/cis/archive/14-2006/def/def4.

The Federal target programs have become the main mechanism for channeling the government’s spending initiatives. This system establishes goals, funding, and lead agencies for a variety of nationwide projects essentially replacing separates programs of individual ministries. Programs are grouped into five clusters: Infrastructure development; New Generation; Security and Environmental Protection; Science, Innovation and Advanced Technologies; and Regional Parity. Defence-related programs could be found in each of these clusters, including sensitive projects that are not likely publicly listed. For more on federal target programs see http://fcp.vpk.ru/cgi-bin/cis/fcp.cgi/Fcp/FcpList/View/2008.


While Kremlin’s increased control over electronic media is undeniable, the internet and print media are still fairly free in Russia. Russian scholars and some think-tanks also provide valuable information and assessments on the misappropriation of funds.


The Kremlin’s effort largely consisted of some international lobbying for foreign assistance, as well as drafting a flexible legal framework that ensured freedom of action for companies and regions.


Ibid

Several services began making analyses of spending effectiveness and accounting in the Ministry of Defense. The production costs of new weapons systems increased dramatically, for instance, the cost of Topol M during the production cycle increased three fold, far above all possible inflation rates. In addition, the monitoring authorities complained about MoD and General Staff officers moonlighting in the commercial sector. In violation of the legal regulations that define the military service, high-ranking officers of the RF MoD and GS were appointed to boards of directors of commercial organizations, such as UAC, company PVO Almaz-Antei, the producer of the S-300 surface-to-air missile system, etc. This was regarded as conflict of interests, refer to: Vladimir Ivanov, “Generalsky business front. Chinovniki Ministerstva Oborony prochno oseli v sovetah direktorov razlichnyh company” [Generals' business front. The Ministry of Defense officials are firmly installed in the boards of directors of different companies], Nezavisimoye voennoye obozrenie, February 2 2007; Viktor Litovkin, “Kommentariyi voennogo obozrevatelia” [Commentary by a military correspondent], Ria Novosti, February 17 2007; cited in Irina Isakova, “The Russian Defense Reform”, China and Eurasia Forum Quarterly, Vol.5(1), (2007), p.80.

For the membership of the commission, see http://www.govemment.gov.ru/government/coordinatingauthority/c1929be5-83f4-479d-01c770d14046.htm (Accessed May 2008), and for its scientific-technical advisory, see http://www.govemment.gov.ru/government/coordinatingauthority/d7009fe2-2ed1-408b-a4ef-50b9188e7e0b.htm (Accessed May 2008). It was reported that the MIC has been establishing “the parameters of the State Arms Procurement Program for 2001-2020” - indicating that this proposal will be deliberated on by the government before it gets formally accepted. “chief of General Staff takes part in Defence Industry’s Commission Work”, Interfax-AVN (March 26, 2008); cited in Bjelakovic (2008), “Russian Military Procurement: Putin’s Impact on Decision-Making and Budgeting”, Journal of Slavic Military Studies, Vol. 21: 527-542.

The Russian weapons industry underwent a massive reorganization with the creation of Russian Technology (Rossiiskiye Tekhnologii) in December 2007. Fashioned by a law passed by the Duma and signed by President Putin, this move consolidated many of Russia’s largest industrial, technological, and financial companies into one giant state-owned conglomerate. At the center of Russian technology sits Rosoboronexport, the monopolist over Russian arms exports cited from Jane’s World Defence Industry, Issue Twenty-three 2009, p. 197.


Recovery began in 1998, and the volume of equipment manufactured rose in 1999 and 2000 by 37% and 25% respectively. Output has grown by about 16% annually since then, and is likely to be further boosted by recent increases in domestic funding as well as multibillion-dollar arms-export deals signed in 2006 with Algeria, Indonesia and Venezuela. The export order book reached US$33 billion by July 2007. Prior to 2006, it had fluctuated around US$15-16bn in Strategic Comments, 1356-7888, Volume 13, Issue 8, October 2007, Pages 1 – 2.


The change in the institutional status of the General Staff took the form of amendments to the Law on Defence. Among the most important changes, “The General Staff will no longer have the right to develop proposals on Russia’s military doctrine, to devise the plan for the structuring (stroitel’stvo) of the armed forces, and to play the co-coordinating role with other force structures in the country” (“The
Defence Ministry and General Staff Embark on Different Paths”), Nezavisimoye Voyennoye Obozreniye, 21 May 2004.

65 The official reason given for the departure of General Kvashnin is the mediocre performance of the Russian security apparatus in response to raids by Chechen fighters into Ingushetia, in June 2004 (“The Programmed Departure of the Chief of the General Staff”, Nezavisimoye Voyennoye Obozreniye, 2 July 2004); on the reasons for the Kvashnin-Baluyevskiy succession, see also “Colonel-General Baluyevskiy Has Taken Up His Post”, Nezavisimoye Voyennoye Obozreniye, 23 July 2004.

66 See note on Sharon Werning Rivera and David W. Rivera, “The Russian Elite under Putin: Militocratic or Bourgeois?”, in Post-Soviet Affairs, Vol.22. (22), 2006: 125-144. Collectively termed the siloviki- i.e., individuals with backgrounds in the dozen or so “power agencies,” such as the Federal Security Service [FSB], Foreign Intelligence Service, Ministry of Internal Affairs [MVD], and Ministry of Defense—these individuals are assumed to have a substantial and pernicious influence on contemporary Russian policymaking.

67 Two specialists on Russian society and politics analyze the composition of Russian officialdom since 1991, focusing in particular on changes in recruitment practice that have taken place under President Vladimir Putin. On the basis of elite interviews and contemporary scholarly and media analysis of the Putin regime, the authors examine trends in the number of government personnel who have a military or security background. Also investigated are trends in the presidential administration’s hold over federal agencies and representation of former military-security personnel at regional levels within the Russian Federation in the article, “Putin’s militsitocracy” in Post-soviet Affairs, 2003.

68 The names and short biographies of 47 individuals were published on the website of the presidential administration in July 2005 (available at: http://www.kremlin.ru, accessed 8 May 2006). They included the head and two deputy heads of the administration, eight presidential aides, and the seven presidential plenipotentiaries in the federal districts. 10 presidential advisers and 19 heads of sub-units of the presidential administration, including the president’s press secretary, head of protocol and representatives in the lower and upper house of parliament.


73 Interfax and RIA Novosti, @ February 2005, reported in “Military Admits Russia Will Always Need the Draft,” RFE/RL 9:22 (3 February 2005); RFE/RL 10:54 (23 March 2006); “Russia Has No Choice but to Have a Large Army,” Interfax-AVN (Moscow), 11 May 2006; cited in cited in Zoltan Barany (2007), Democratic Breakdown and the Decline of the Russian Military, United States of America, Published by Princeton University Press.