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**ENDING MILITARY CONSCRIPTION**

**PANU POUTVAARA** and **ANDREAS WAGENER**

* Current trends

Throughout most of the 20th century, military conscription (the draft) was a prominent feature of national military doctrines. Both world wars were fought mainly by conscripts. Among the 12 founding countries of NATO in 1949, only Canada did not rely on conscription (Iceland did and still does not have armed forces). While the United Kingdom (1960), Luxembourg (1967) and the United States (1973) adopted all-volunteer forces quite early during the Cold War, military conscription was the dominant mode of peacetime recruitment in the alliance until mid-1990s. Likewise, throughout the entire existence (1955–91) of the Warsaw Pact, all its members used conscription.

Figure 1 maps the changes in military recruitment across Europe since 1993 (after the break-up of Czechoslovakia and Yugoslavia). Initially only Ireland, Luxembourg, Malta and the United Kingdom relied on all-voluntary service. In 2011, most countries do. The only EU countries still using conscription are Austria, Cyprus, Denmark (in which it is quite easy to avoid the service in practice), Estonia, Finland and Greece.

Figure 2 presents military recruitment regimes worldwide. Conscription is still dominant in Asia and Africa. In Latin America the use of conscription has been in a steady decline, with (de facto) abolitions in Uruguay (1989), Nicaragua (1990), Honduras (1994), Argentina (1995), Peru (1999), Chile (2005) and Ecuador (2008).

While the decision to abolish or maintain the military draft has country-specific aspects in each single case, certain groups of motivations for the abolition of conscription can be identified:

- Conscription in the US was abolished in 1973, towards the end of the Vietnam War. Liberal deferment rules and, later, the use of lotteries had generated a strong sense of the unfairness and biased selectiveness of the draft system, which added to the public discontent with the Vietnam War. In the debate about the pros and cons of abolishing the draft, economists (most notably Milton Friedman) had substantial impact, arguing that conscription is “inequitable, wasteful, and inconsistent with a free society” (Friedman 1974, 253).

- In continental Europe, with its dominant historical view that every citizen has an obligation to

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Sources: Own compilation, based on Wikipedia (2011), “Conscription” and selected government sources.
perform some service at the call of the state, the decline in the use of conscription followed the end of the Cold War. After the collapse of the Soviet Union and the end of the Warsaw Pact, European governments no longer saw the need to prepare for large-scale warfare in Europe. This allowed many countries to seek budgetary savings by reducing the sizes of armies and reserves. At the same time, military capabilities were increasingly aimed at peacekeeping and international missions for which conscripts are ill-suited and, in most countries, inadmissible by law. Military technology moved away from territorial mass forces to smaller, mobile units equipped with sophisticated weaponry, increasing the necessity of professionalization. The smaller intake of draftees raised equity concerns as conscription was no longer hitting the full (male) age cohort but only those unlucky enough to be called up to service.

- For the Baltic, central and eastern European countries, which all started out with conscript armies, the prospect of NATO membership meant the necessity of downsizing and restructuring their armed forces. The role model of the alliance leaders, increasing levels of draft avoidance, and the public opinion that conscript forces were a vestige of the Cold War or Soviet totalitarianism promoted the eventual abolition of conscription in all countries except for Estonia (Williams 2005).

- Many Latin American countries were ruled by military dictatorships until the 1980s. The juntas relied heavily on conscription for military reasons (in border disputes and inner conflicts with Marxist movements) as well as for sake of indoctrination and social control. During their regimes these armies had amassed dismal records of reckless mili-
tarism, human rights violations, economic mismanagement and corruption. In the wake of democratization, armed forces suffered considerable losses in prestige, leading civilian governments in quite a number of countries to abolish or suspend conscription.

Typically, also countries without conscription during peacetime retain the option to re-introduce conscription in case of war – when it might be infeasible to mobilize the necessary manpower by volunteers or through fiscal taxes alone. Similar arguments can explain the use of conscription in countries like Israel, where the military doctrine relies on the ability to mobilize most citizens to fight in case of a large-scale conflict. Generally, there is a positive correlation between the military threat perceived by countries and their use of conscription (Mjoset and van Holde 2002). The recent abolishment of military draft in several European countries can then be explained by (the perception of) reduced military threat after the fall of the Iron Curtain.

The economic case against conscription

Economists traditionally were and are unambiguous in favoring a volunteer army (for surveys see Sandler and Hartley 1995, chapter 6; Warner and Asch 2001 or Poutvaara and Wagener 2007a, 2011), echoing Adam Smith’s verdict of the “irresistible superiority which a well-regulated standing [i.e., all-volunteer] army has over a militia [i.e., temporary conscription]” (Smith 1976, 701). Smith’s arguments focus on comparative advantage and the benefits from specialization. Military conscription violates the principle of comparative advantage, which demands that jobs be assigned to those who are relatively most productive in doing them, by forcing everybody into a military occupation, irrespective of relative productivities. In consequence, the match between people and jobs will be inefficient. Benefits from specialization arise when individuals become more productive due to experience and frequent practice. Effective military operations require a considerable degree of training and mastery in handling complex weapon systems. Drafted short-term soldiers are inferior to long-term professionals. In combat, the use of less advanced military technology, lack of training,
and the easy availability of apparently expendable soldiers lead to higher casualties and “cannon-fod-der”-type battlefield tactics.1

Consequences of the abolition of conscription

Military expenditures, personnel and budgets

While quite a number of countries have abolished conscription over the past 20 years, a comparative study of their experiences — military, fiscal or economic — is still missing. In part, this is due to the fact that the abolition of the draft generally runs parallel to other changes (say, shifts in political regimes, geopolitical developments or military technologies) that make it difficult to isolate the “pure” draft effects. Econometric analyses are not available, and comparisons have to be based on rough summary indicators.

For the government budget, operating a draft system is generally cheaper than a professional army. Conscripts are not paid the market value of their labor service and are granted fringe benefits such as health plans, family support, old-age provisions, etc., on a much smaller scale than professional soldiers (if at all). These savings are partially offset by the generally smaller size of all-volunteer forces (allowed for due to increased productivity). In an early study, Oneal (1992) found that budgetary savings from conscription in NATO averaged around 9.2 percent of national military expenditures in 1974, but decreased subsequently to only 5.7 percent in 1987. Warner and Asch (2001) report that the budgetary costs of abolishing conscription in the US in 1973 came at 10 to 15 percent of the 1965 military budget (which was chosen as a reference point to exclude the effect of the Vietnam War).

Similar studies are, to our knowledge, not available for the more recent abolitions of military conscription, say, in European NATO members. However, some summary indicators may also provide interesting insights. Compared to the 1980s, the “militarization” of society has declined across NATO, both in terms of the share of the labor force working for the military (a decline from an average of 2.7 to 1.1 percent between the late 1980s and the late 2000s) and, with the notable exception of the US over the past decade, defense expenditures as a share of GDP, which dropped from an average of 4.8 to 2.9 percent (NATO 2010). For more detailed comparisons, we group “old” NATO countries (i.e., members as of 1985) in Figures 3 and 4 according to their recruitment regimes.

As Figure 3 shows, there are no obvious differences in military expenditure trends between “old” NATO

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1 As early as the 19th century German economist J. H. von Thuenen (1875) argued that the carnage of Napoleon’s poorly prepared winter campaigns in Russia could escalate only because soldiers were easily available through the system of conscription.
members that never had, always had or abolished conscription, except for different starting levels. There is no clear correlation between military expenditure and the use of conscription; if anything, countries with conscription seem to afford larger military budgets. As Figure 4 (quite unsurprisingly) indicates, the share of people working for the military is higher in conscription countries. Remarkably, the reduction in army personnel has been largest in conscription countries, both in absolute and in relative terms (which may indicate a problem of unfairness due to selective draft calls). A bit more surprisingly, there is no indication that the abolition of conscription led to disruptions in army sizes or military budgets that would not, in similar orders of magnitude, occur also in countries that did not change military regimes.

Conscription involves a distorted factor-price ratio between labor and other military production factors, leading to an excessive staffing of armies and too little investment. This is indeed reflected in military budgets: as Figure 5 illustrates, military budgets in countries with all-volunteer forces are less personnel-intensive than in conscription countries.

Remarkably, the share of personnel expenditures has always been highest in the group of countries that decided, in the 1990s and early 2000s, to abolish conscription. The relatively flat trend of these countries in Figure 5 should be interpreted with some caution; the averaging across countries flattens divergent trends in single countries. Upon suspension of conscription, the costs of personnel in the total defense budget decreased in the Netherlands, Spain and Portugal but increased considerably in Belgium and Italy. The interpretation also changes with the definition of personnel expenditure. Using a narrower definition that only accounts for military (but not for civilian) personnel, Buch (2010) reports that the share of personnel expenditure rose upon the suspension of conscription from 41 to 50 percent in Spain, from 30 to 37 percent in France, from 43 to 58 percent in Belgium – but decreased from 47 to 36 percent in the Netherlands. Again, there seems to be no general rule.

This picture is mirrored by changes in the share of investment and other expenditures: where there was a relative increase in personnel expenditure, there was a relative cut in investments – and vice versa.

Intangible and indirect effects

Although budgetary costs of conscription are smaller, its total social costs are likely to be substantially larger than with an all-volunteer army. The use of compulsion in itself suggests that the real costs of conscription are higher than its budgetary ones, and abolishing the draft will save society these opportunity costs. Using empirical methods that were sophisticated for their time, Oi (1967, 59) conservatively estimated the opportunity costs of the US military draft in the late 1960s to be around USD 5.3 billion (in 1960 values), when budgetary personnel expenditure amounted to USD 12.7 billion. Kerstens and Meyermans (1993) estimate that the social cost of the (abolished) draft system in Belgium amounted to twice its budgetary cost.

Economically, military draft is an (in-kind) tax, and shares with all other taxes the feature that it is not neutral but rather induces substantial avoidance activities and, thus causes economic distortions and deadweight losses. For example, conscription goes along with various ways of “dodging”, inefficient employment, preemptive emigration, pretended schooling, hasty marriages, bribing recruitment officers, faking medical certificates, etc. These hard-to-be-measured costs would be saved in case of abolition.

By postponing, interrupting or even discouraging higher education and entry into the labor market, conscription also has a negative effect on the accumulation of human capital (see Keller et al.
2010 and the references therein). At the macro level, the disruption of human capital investments by military conscription translates into lower stocks of human capital, reduced labor productivity and substantial losses in GDP (Lau et al. 2004). From 1960 to 2000, GDP growth rates in OECD countries with conscription were lower by up to a quarter percentage point than in countries with all-volunteer forces (Keller et al. 2009). This is remarkably large given that military expenditures or the size of the military labor force per se do not seem to exert any systematic effect on GDP and its growth (Dunne et al. 2005).

**Transition problems**

The experiences of countries that switched from conscript to all-volunteer forces show that the transition is rocky (Warner and Asch 2001; Williams 2005; Rostker 2006; Buch 2010). Initially, all countries seem to have problems in meeting their requirements for staffing and quality in the military. Enticing new recruits to join the forces is difficult, turnover rates are high, imbalances across occupational specialties arise, with too few people with the cognitive aptitudes, skills, technical abilities and work experiences useful in professional armies. Projected savings may only materialize later than anticipated since, e.g., the military pay, post-service benefits and working and living conditions to attract new staff turn out to be more costly than foreseen, the extant staff needs re-training, redundant military bases cannot be closed down immediately, etc.

Such difficulties may lead some to call into question the efficiency gains attributed to all-volunteer forces. Thus, the share of the military budget devoted to personnel actually increased during the first few years after the 1973 abolition of conscription in the US, in spite of a reduction in army size (Williams 2005). Physical or intellectual recruitment standards for soldiers have been lowered in several countries (Williams 2005; Buch 2010). In the Netherlands, some army units remained understaffed, and France appears to have down-scaled its ambitions for out-of-area deployability of its armed forces (Buch 2010).

These non-negligible transitory problems do, however, not qualify as arguments against all-volunteer forces. Rather, they merely reflect to what dramatic extent conscription insulated the military from a most elementary feature of standard labor markets: if one wishes to hire staff in sufficient number and of decent quality, pay and working conditions have to be competitive with the qualification and outside options of those one wishes to hire. As Warner and Asch (2001) demonstrate for the US, eventually the economists’ predictions have borne out: efficiency gains of the all-volunteer force were reaped with the additional benefit that the budgetary costs for military personnel reflect its true economic costs.

**Myths about the draft**

Proponents of the military draft argue that the opportunity costs of conscription are tolerable since they are compensated for by additional societal, military or political advantages of conscription over all-volunteer forces. However, a closer look at these alleged extra benefits of conscription reveals that they are largely mythical.

**Myth 1: A conscript military is more “representative” of society than a professional army.**

All-volunteer forces are thought to prey disproportionately on the poorly educated, the lower classes, ethnic minorities or otherwise marginalized strata of society. By contrast, conscription is considered to be more egalitarian since all are included in universal service.

In fact, there is hardly any reason to believe that conscription makes the military (more) representative. First, a genuine cross-section of the population in the army was never the aim in conscription countries: conscription covered substantially less than 50 percent of the population; it excluded women, migrants and often certain religious groups, fathers or gays. Second, even for its main targets (young males), the military draft is de facto biased, typically favoring individuals of high socio-economic or educational status with shorter terms of service, complete exemptions, legal and illegal buyout options or privileged work conditions (e.g., doctors or athletes). Third, the claim that the social composition in all-volunteer forces is more biased towards the disadvantaged than in conscript armies is still open to debate.²

² Segal and Segal (2004) report that the US all-volunteer military is more female, less white, more married, better educated and more middle-class than the draft-era military.
**Myth 2: Conscription promotes peace**

It is sometimes argued that a conscript army, which draws from all quarters of society, provides a check on military adventurism since it cannot be deployed without a fair measure of public support. Empirically, this “peacemaker” argument is dubious. In fact, the military draft may even contribute to a militarization of society by instilling in conscripts the view that killing for the home country is a patriotic duty. The possible legitimization for the production and use of violence may even raise the likelihood and severity of armed conflicts. Studying violent interstate conflicts from 1886 to 1992, Choi and James (2003) find that a military manpower system based on conscripted soldiers is associated with more military disputes than professional or voluntary armies. Similarly, Anderson et al. (1996) conclude that “war-like” states are more likely to rely on conscription. Linking conscription with democracy changes this picture somewhat (Vasquez 2005); still, there is no convincing evidence that the military draft has any mediating effect on the likelihood or severity of international military disputes.

Within societies, conscription may even contribute to brutalization: Using data on Argentine draft lotteries, Galiani et al. (2011) show that having been conscripted increases the likelihood of developing a criminal record; this holds also for those who served during peacetime.

**Myth 3: Conscription is a better match with democracy than all-volunteer armies**

Military conscription is often attributed with a greater affinity with democracy than an all-volunteer force. Army structures, which operate on the basis of order and command rather than on voting, are inherently non-democratic. Still, conscripts may act as mediators between a society and its army, while a professional military tends to alienate from society and form a “state within a state”. Advocates of conscription appeal to the soldat citoyen, referring back to the origins of modern draft in France and Prussia, as a figure that bridges the gap between army and civil society.

Economically, the “isolation” of the military from the rest of society is just an example of an increased division of labor. In a sense, every specialized worker is “alienated” in his work from the rest of society, but calls for compulsory internships of all members of society in any or all sectors of the economy have so far been unheard of. But even if the alienation from the rest of society were particularly troublesome in the military, conscription is not a solution. Praetorian tendencies are most likely to emerge from the officers’ corps, which has always consisted of professionals. Moreover, the democratic controls arising from a draft are open to debate. In democratic countries like Argentina, Brazil, Chile, Greece or Turkey, conscription did not help to prevent military coups in the past. Conversely, recent experiences from Latin America demonstrate that democratization and the abolition of conscription may be intertwined. Exemplarily democratic countries (like the UK, the US, Australia, Canada or New Zealand) have traditionally run all-volunteer armies without ever facing the risk of regime change or military coups. All these observations as well as the econometric evidence established by Mulligan and Shleifer (2005) and Pfaffenzeller (2010) indicate that no causality in whatever direction exists between the form of government and the structure of armed forces in a country.

**Myth 4: Conscription provides better reserves**

A precautionary argument in favor of military conscription is that it provides manpower reserves to augment the regular army in the case of a military emergency. If this argument should imply that reserves cannot be maintained with all-volunteer forces, then it is empirically false, as the examples of all countries with professional armies show. Moreover, the reserve argument loses validity if reservists are not appropriately prepared for their assignments in case of mobilization.

A key issue for maintaining militarily meaningful reserves is that reservists are paid sufficient compensation for their participation in regular exercises. Such contracted (as contrasted to conscripted) reservists would make the true opportunity costs of alternative military strategies visible and help to allocate resources efficiently between personnel and material.

**Obstacles for abolition**

The inefficiency of conscription results to a great extent from ignoring comparative advantage and specialization, which results in higher social costs than with a voluntary army. At the same time, there is no empirical support for the claim that the use of con-
scription would help to protect democracy, promote social cohesion or tame belligerence. Given that hardly any argument in favor of the draft survives under closer scrutiny, the question arises why so many countries still have a hard time in eliminating conscription or do not even consider it. A number of obstacles to the abolition of the military draft are conceivable:

Special interests: Several societal groups benefit from conscription – and therefore favor it. These include labor unions (that favor conscription as it keeps potential competitors off the private labor market; see Anderson et al. (1996) for empirical support), bureaucracies (for reasons of inertia and fear of organizational change), the military itself (which might fear a loss in their social status, importance and visibility), or regional interests (in areas where military bases would become redundant by the absence of conscripts). Special mention goes to the various organizations and firms in the welfare industry that benefit from the cheap labor provided by conscientious objectors to military service. Needless to say – we hope – all economic arguments against forced labor in the military also apply mutatis mutandis in the social sector.

Intergenerational issues: From an intergenerational perspective, military conscription is similar to a pay-as-you-go pension scheme: its introduction is a (temporary) way around higher fiscal taxes, the static inefficiencies remain largely unnoticed and its dynamic costs only surface with considerable time lags. As for an unfunded pension scheme, starting a draft scheme means making a “gift” (in the form of a reduced fiscal tax burden) to the cohorts that are beyond draft age at that moment. Such a gift may be revoked from cohort to cohort, but it can never be undone in a Pareto-improving manner (Poutvaara and Wagener 2007b). The abolition of the draft would impose an extra fiscal burden on age cohorts beyond the draft age. Since these largely outnumber younger cohorts at or below the draft age, retaining military draft garners widespread political support. The casual observation that the staunchest advocates of conscription usually come from age groups well above draft age provides support for this view.

Non-democratic and developing countries: In non-democratic regimes – which are currently the dominant users of conscription – popular support for conscription is less politically relevant. In these cases, aspects of indoctrination, intimidation and social control, the economic benefits to the ruling cliques from exploiting their populations by forced labor and the desire to maintain numerically large armies seem to be attractive features of military draft. For developing countries, with their inability to raise sufficient fiscal revenues and their generally lower opportunity costs of labor, the in-kind tax of military draft could even be economically efficient from an optimal-tax perspective.

Conclusions

Conscription is an inefficient form of recruiting soldiers for an army. As the strikingly positive experiences of the UK or the US exemplify, its abolition therefore is worthwhile – in spite of transition problems and potentially negative effect on government budgets. All-volunteer forces deliver modern, high-technology defense capabilities at lower and more transparent instantaneous and dynamic costs than their conscript counterparts.

Each country’s decision to retain or eliminate conscription is motivated by a unique array of different factors (although, as in France or Germany, conscription may happen to be abolished in an almost cavalier way). Economic arguments unfortunately appear to focus primarily on the state in terms of budgetary expenditures and military capabilities. The adverse effects of conscription on the well-being of individual citizens and the substantial excess burden of the draft tax rarely enter into the discussion. More empirical research on these issues may contribute to the final elimination of peacetime conscription and related forms of forced labor.

References


