

# Forthcoming Academy Publications

## From the Committee on International Securities Studies *The Russian Military: Power and Policy*

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This volume is edited by Steven E. Miller (Harvard University, Kennedy School of Government) and Dmitri V. Trenin (Carnegie Moscow Center).

Russia’s military policy and power remain a major consideration in Eurasia and its nuclear arsenal retains global significance. A new volume in the *American Academy Studies in Global Security* series offers analysis of the Russian military that now exists and of the further reforms that could (and, many believe, should) shape the future of Russian military power. In the excerpt below, Alexei Arbatov, a contributor to the volume, reflects on the difficulty of implementing meaningful reform due to the continuing obstacles to public debate on military affairs in Russia.

A shroud of secrecy severely limits access to information regarding the state of affairs in and plans for the armed forces and defense industry. This in turn makes it difficult to assess the real situation and prospects for reform. Indeed, basic facts and essential information are simply missing from Russia’s public debate on defense. From the limited information that is made available, it is impossible to make even a broad determination about the structure of the armed forces and their deployment; the number of main units and amount of weapons and other combat-related equipment; and principal research and development (R&D) and procurement programs – that is, the basic facts and figures necessary to have at least a general idea about Russian military policy and development. Presumably the Russian army should be prepared to fight and to achieve some clearly stated objectives. But what kind of wars with which weapons, against what kind of probable opponents, in which military theaters, and how soon? Because it does not provide much public information, the Russian defense establishment is not forced to lay bare the fundamental premises of its policies. Further, it is impossible to know how much ongoing military operations, including the war in Chechnya, will ultimately cost. Hence, there is no basis on which to have an informed discussion of the plans for reforming the armed forces and defense industry or the relevance of various arms control and disarmament proposals, peacekeeping missions, or combat operations – except in purely theoretical terms . . . .

Two factors help to explain the lack of transparency in the Russian debate over security policy and military reform. First, neither the executive branch (except the ministry of defense), nor parliament, nor society at large has an informed understanding of potential threats to the state that would require greater efforts in the defense area. Thus, there is no sense of urgency to press for more useful information. Second, although the need to rescue the armed forces and defense industry from further degradation through military reform is commonly accepted, whether the current military high command is capable of developing and implementing a financially sound military reform program and military policy more generally remains an open question. In the meantime, a tacit agreement has developed between the civilian authorities, who provide what most Russian experts agree is inadequate spending for defense, and the military, which is allowed to spend the appropriated money as it wants. Meanwhile, the military enjoys a monopoly on information and immunity from criticism for using the funds as they desire.

Alexei G. Arbatov is a member of the Yobloko faction and served, until recently, as a member of the Russian Duma, where he was Deputy Chairman of the Defense Committee and Chairman of the Subcommittee for International Security and Arms Limitations. He is currently a scholar in residence at the Carnegie Moscow Center.

*The Russian Military: Power and Policy* is the third in a series of studies to emerge from the American Academy’s Committee on International Security Studies and its project on International Security in the Post-Soviet Space. The Academy thanks the Carnegie Corporation of New York for its generous support of this project.

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## From the Corporate Responsibility Project *Restoring Trust in American Business*

The Corporate Responsibility Project's forthcoming Occasional Paper, titled *Restoring Trust in American Business*, presents the results of the project's initial phase. Participants have focused on the role and responsibilities of various "gatekeepers" – including corporate directors, lawyers, and accountants, among others – in constructively shaping corporate conduct. The Occasional Paper examines how gatekeepers failed in the recent corporate scandals and provides a set of recommendations for future practice that reconceptualizes the gatekeeper roles. Excerpts from four essays follow:

### "The Professionalization of Corporate Directors"

Martin Lipton and Jay W. Lorsch

In spite of this progress, the bad news was the series of corporate scandals that started with Enron in the fall of 2001 and has continued to the present. Many who had been active in encouraging boardroom reform, including a lot of directors themselves, were shocked by the fact that such scandals could take place at a time in which boards seemed to be increasingly diligent and effective . . . . The professionalization of corporate directors would . . . lead to a clearer understanding of what the goals of boards should be . . . . We would argue that for a large public company, the goal of the professional director should be the long-term success of the company.

### "Professional Independence and the Corporate Lawyer"

William T. Allen and Geoffrey Miller

It is important that business lawyers recognize that the duty energetically to facilitate a client's lawful wishes must be supplemented with a duty, to the law itself, of independence. This is a duty to exercise independent (good faith) judgment concerning whether a proposed action falls within the law. We suggest that in representing clients in negotiating or structuring transactions, or in otherwise assisting clients in their ongoing efforts to do business within the law, lawyers are obliged to strive to advance, and not to thwart, the detectable spirit animating the law.

### "The Financial Scandals and the Demise of the Traditional Investment Banker"

Felix G. Rohatyn

What we call investment banks today bear no resemblance to what we knew as investment banks in the decades after World War II. The evolution of finance and of capital markets, the repeal of the Glass-Steagall Act, and the explosion in the technology of finance have totally changed the function of investment banks, which traditionally offered advice to corporations and protection to investors. Today's so-called investment banks bear no more relationship to their predecessors than yesterday's family doctors bear to HMOs.

### "Journalists and the Corporate Scandals: What Happened to the Watchdog?"

Geneva Overholser

A final and, indeed, overarching challenge stems from the conduct of media executives today. The extraordinary pressure brought to bear on newsgathering organizations – by corporations seeking to improve their profit margins, quarter by quarter; by executive compensation plans that reward short-term success; and by the primacy of shareholder interests – is steadily undermining the ability of the press to serve the needs of democracy.

## Volume Essays

*John S. Reed*, "Values and Corporate Responsibility: A Personal Perspective"

*Rakesh Khurana, Nitin Nohria, and Daniel Penrice*, "Management as a Profession"

*Donald C. Langevoort*, "The Regulators and the Financial Scandals"

*Martin Lipton and Jay W. Lorsch*, "The Professionalization of Corporate Directors"

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*Richard Painter*, "Comment: The Dubious History and Psychology of Clubs as Self-Regulatory Organizations"

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*Gerald Rosenfeld*, "Comment: The Role of Investment Bankers"

*Geneva Overholser*, "Journalists and the Corporate Scandals: What Happened to the Watchdog?"

This volume is edited by Jay Lorsch (Harvard Business School), Andy Zelleke (The Wharton School), and Leslie Berlowitz (American Academy).