



A Volunteer Draft

An Alternative to the Draft Lottery

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—Editor.

HOW SHOULD the Army meet its future manpower requirements?

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Present discussion of this question focuses on the lottery draft and the Volunteer Army. There is, however, another possibility: the volunteer draft.

The volunteer draft proposal is a new idea. It is called volunteer because 18-year-olds would be allowed to choose among three alternatives: enlistment, exemption by paying their share of the cost of eliminating

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the draft, and remaining subject to the draft. The volunteer draft is a draft because it retains the lottery draft for those who are unwilling to pay their share of the cost of a Volunteer Army.

The volunteer draft would increase the collective lifetime incomes of those who enlist by billions of dollars, improve the quality and morale of soldiers, and allow young men to avoid the risk of disrupted plans at no cost to anyone else.

Implementing Draft

The volunteer draft would offer each 18-year-old eligible for military service three options:

- *Enlistment.* The 18-year-old could enlist for two years in the Army or for longer periods in the other services or Reserve components. In addition to his salary as a volunteer, he would receive a lifetime tax reduction. He would continue to receive this tax break as a veteran or a career soldier once his military obligation is satisfactorily completed.
- *Exemption.* The 18-year-old could request an exemption from the draft. He would be guaranteed that, short of a national emergency, he would

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not have to serve in the Army. In exchange, he would have to pay a surtax as long as he remains a civilian. Should he enlist at some future date, he would receive a tax reduction.

- *Draft.* The 18-year-old who does not request an exemption or does not enlist would be subject to the lottery draft. The lottery draft would function exactly like the present system. Everyone in the draft pool would have the same chance of being conscripted. If drafted, a 19-year-old would have to serve two years without a tax reduction. If not drafted, he would remain a civilian without any surtax.

Lesser Chance

The Selective Service System would continue to draft 19-year-olds, but there would be a lesser chance of being drafted under the draft option than under the present system. The Selective Service System would set the tax reduction at a level sufficient to attract enough volunteers to satisfy the difference between military requirements and the number to be drafted. The Internal Revenue Service would calculate the cost of the different tax reductions and adjust the surtaxes so that the tax revenues gained from those who have elected to remain civilians would equal the tax revenues lost to volunteer soldiers and veterans.

If the volunteer draft had been adopted in 1970, tax forms would need one additional table for surcharges and reductions similar to the one in Figure 1.

A 20-year-old who enlisted in 1970 would receive a 17-percent tax reduction financed by a seven-percent increase in the income tax of 20-year-olds who requested an exemption in 1970 and did not later

1972 Tax Surcharge and Tax Reduction Schedules		
AGE	TABLE A	TABLE B
	Percent Decrease in Income Tax for Volunteer Soldiers and Veterans*	Percent Increase in Income Tax for Service Exempted Civilians
19	8	5
20	17	7
21 or over	0	0
* If you volunteered at an age older than 18, compare the tax reduction next to your age and the tax reduction next to the age of those who were 19 when you volunteered. Your exemption is the smaller of the two.		

Figure 1.

volunteer. The surcharge column would be revised annually so that the cost of tax reductions would be paid entirely by those who benefited from them.

Figure 1 shows that the decision made at the age of 18 need not be irreversible. A 20-year-old who postponed his military service one year would receive the same eight-percent tax reduction as 19-year-olds who volunteered in 1971 on registering with the Selective Service System. The tax break of these late volunteers could not be larger than 17 percent or else there would be an incentive to delay military service.

Who would benefit and who would lose if the volunteer draft replaced the lottery draft?

Nineteen-year-olds enlisting under the volunteer draft would have higher after-tax incomes because of the tax reduction. For example, a 17-percent tax reduction in 1971 would increase the incomes of volunteers by over two billion dollars over their lifetimes.

The 19-year-old requesting an exemption from the draft should also prefer the volunteer draft. The benefit of being exempted from the draft is greater than the cost of the surtax otherwise he would select the draft option.

Even the 19-year-old selecting the draft option should prefer the volunteer draft. His chance of being drafted would be less

under the volunteer draft than under the lottery draft only. Should he later decide to enlist, the volunteer draft provides him an enlistment bonus of a tax reduction which the present system does not offer.

Everyone else would be unaffected by a change from lottery to volunteer draft. Those ineligible because of age, health, ability, or sex under the present draft system would also be ineligible under the volunteer draft. They would not qualify for a tax reduction, but they would not pay a surtax under the volunteer draft because they cannot serve.

In short, changing from a lottery draft to a volunteer draft is desirable because it benefits those now subject to the draft at no cost to anyone else.

Certain objections and criticisms have been raised when I have previously discussed the volunteer draft. I will attempt to answer them here:

- *Is this not a bounty system? The rich buy their way out of their military obligation. The poor will be unable to pay the bounty and be forced to fill the obligation of the rich.*

This objection can be broken down into a question of fact and a question of values.

As a question of fact, the poor will not be forced by economic necessity to serve in

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the Army. The financial obligation of those exempted depends on their income tax. Assuming a seven-percent surtax, Figure 2 illustrates how the cost of remaining a civilian reflects ability to pay by contrasting the income taxes of three different 20-year-olds who requested an exemption.

Richard Rich pays 3.2 percent of his income, or \$1,620; Morris Median pays 1.6 percent of his income, or \$157; and Peter Poor pays only 1.1 percent of his income, or \$22, in order to remain a civilian.

The question of values is more difficult. Perhaps the best answer is that the volunteer draft would be no more an immoral bounty system than the Volunteer Army.

Under the Volunteer Army, the military obligation is eliminated. The “bounty” or cost of eliminating the draft is paid by the entire community. The volunteer draft would also eliminate the military obligation, but it would place the cost on those who benefit. If the 19-year-old should feel that the benefits of a Volunteer Army are greater than the costs, he would exempt himself from the draft by paying his share of the costs. If he should consider the benefits less than the costs, he would choose the draft.

- *Why should the Army support a volunteer draft?*

The Army should actively support replacing the lottery draft with the volunteer

draft because the Army would be one of the major institutional beneficiaries from such a change.

The surtax and the tax reduction combine to make military service more attractive to those who anticipate higher incomes after the two-year tour of duty has been completed. In the example in Figure 2, if Richard Rich had enlisted under the volunteer draft instead of choosing an exemption, his tax as a veteran would have been reduced by 17 percent instead of being increased by seven percent—a savings of 25 percent of his after-tax income, or \$5,500, in 1972.

In Peter Poor’s case, his savings would have come to only three percent of his after-tax income, or \$53. Richard Rich would find it worthwhile to spend two years in the Army at a salary substantially below his civilian salary in exchange for future tax advantages. On the other hand, Peter Poor would be attracted to the Army by the fact that the military salary would be higher than his salary as a civilian.

Thus, the volunteer draft would tend to produce the same type of citizens’ Army that is supposedly the hallmark of the present system.

Armed Forces Morale

The critical difference for the military between the present system and the volunteer draft lies in the morale of the Armed Forces.

1972 Tax Surcharge and Tax Reduction Schedules			
Name	Taxable Income	Income Tax	Seven-Percent Surtax
Richard Rich	\$50,000	8	5
Morris Median	10,000	17	7
Peter Poor	2,000	0	0

Figure 2.

Those who object to military service are often compelled to serve two years under the present system. Their attitudes affect the performance of the Army. Under the volunteer draft, those with negative attitudes would choose taxation. Disciplinary problems among volunteers would be further discouraged because the tax advantage would be offered only upon completion of two years' satisfactory service.

The taxes paid by those who do not, under any circumstance, want to serve in the Armed Forces would help improve the quality of military service in another way. Above-average skill, initiative, and creativity are usually rewarded with higher than average incomes. Therefore, at no cost to the military, the surtax and tax exemption provide additional encouragement to potential officers, medical doctors, and lawyers to enlist in the Armed Forces in order to avoid both the draft and the surtax and to receive the tax reduction.

The volunteer draft avoids a major objection lodged against changing the present system. The turnover rate in a Volunteer Army is very low in comparison with a draftee Army. This lower turnover rate produces savings in training expenses, but at the cost of decreasing the influx of civilians into the Armed Forces and the number of civilians with military experience outside the Armed Forces.

Some authorities are afraid that a small percentage of veterans would mean uninformed decisions about defense expenditures by voters. Since these veterans are the mainstay of the Reserves, they argue that there would be little backup for the professional soldier.

Other critics focus on the civilian control of the military. Isolation of the

soldier from the rest of the citizenry could lead him to challenge civilian decisions and to intervene directly in politics.

Volunteer Turnover

Under the volunteer draft, there would be a turnover of volunteers who had completed two years' service. As veterans, they would then contribute information about defense to the democratic decision-making process and help support the Army Reserves. During their two years as soldiers, they would force the career soldier to adapt to an annual infusion of large numbers of civilians.

- *This is a discriminatory proposal. If the volunteer draft were adopted, those presently serving in the Army would not qualify for the tax reduction being received by recruits. A person ineligible for military service would not qualify for the tax reduction.*

The present system discriminates by selecting one and one-half million individuals from a population of over 200 million for a lottery in which the losers serve two years in the Armed Forces. The volunteer draft would not increase the discrimination of the present system, but would allow those in the draft lottery additional options which benefit them and do no harm to anyone else.

Assuming such an attitude, the tax reduction could be extended to those presently serving in the Army by financing the reduction with an increase in the Government debt. A slight increase in the surtaxes for exemptions for successive generations of 19-year-olds would eventually redeem this increase in Government debt at no cost to the general taxpayer.

Would not the volunteer draft break down in case of war when military requirements were larger than the pool of 19-year-olds?

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National Emergency

The guarantee of exemption from military service does not apply to a national emergency. Then, financial incentives would not be used and hopefully would not be needed as everyone was mobilized. The volunteer draft provides a means of defining a national emergency. If the surtax paid by those exempted from military service were to rise above, for example, 15 percent, then the tax imposed on 19-year-olds for the defense of the community could be considered inequitably large. Military salaries would need to be increased in order to attract additional volunteers, or the draft extended to other ages.

Although the United States was still fighting in Vietnam in 1971, the estimate of the surtax is seven percent. If limited wars, such as Korea and Vietnam, are not considered “emergencies,” then the volunteer draft would have offered a viable alternative in all but five of the past 71 years.

- *The promise of a lifetime tax reduction based on a doubtful, premise. The majority of the community who did not serve must continue to pay the minority who did serve. Will not the majority vote to stop payment to the minority?*

The difficulty tax reformers have in eliminating tax loopholes that favor special interest groups at the expense of the majority of taxpayers supports the opposite view. Special interest groups are informed and lobby intensely for or against legislation. Veterans are no exception.

Veterans' Reductions

In the case of the veterans' tax reductions, the general taxpayer would not pay the cost. Only those who were eligible

for military service in the years in which a draft was necessary would finance the tax reduction. It seems unlikely that the general public would respond with sympathy to a campaign to take money away from those who defended their country and give it to those who did not.

- *Will enough 18-year-olds respond to the offer of a tax reduction or the threat of a surtax to meet military requirements? Eighteen-year-olds are concerned with money now as opposed to money in the future. Parents will also intervene, offering to pay the tax in order to keep their children from joining the military. Finally, social pressures against buying your way out of military service will cause 18-year-olds who do not want to serve to choose the draft option.*

Social attitudes change. Choosing a lifetime financial obligation which directly benefits veterans does not seem more reprehensible than trying to escape military obligation by a game of chance. But even if no one requested an exemption, the only result would be no one paying the surtax and no one receiving a tax reduction. Therefore, a tendency to avoid the exemption option will not make the volunteer draft less viable than the present draft.

Social pressures could also function in a way that would reduce the size of the tax reduction necessary to attract enough volunteers. A tax reduction would identify the volunteer 19-year-old in the future as someone who served his country directly. The social and business rewards of this identification would attract volunteers.

A volunteer draft could function even if 18-year-olds totally disregarded their future tax positions. As those eligible for military service grew older and began to

notice the difference between their after-tax incomes and the after-tax incomes of veterans their own age, and, as those with bountiful parents realized that father would not continue to pay him hundreds to thousands of dollars a year for the rest of his life, increasing numbers would enlist in the Armed Forces. The number of volunteers older than 19 could offset the short time horizon of the 18-year-old.

The time preference of 18-year-olds would create difficulties only in the period of transition from the present system to a volunteer draft. But this problem could

be eased by applying the volunteer draft initially to a larger age group. The volunteer draft would result in these benefits:

- An increase in after-tax incomes for soldiers eventually totaling billions of dollars.
- Improved discipline and morale in the Army.
- A tax bonus for those with skills and initiative.
- A lifetime reenlistment bonus for draftees.

These should be incentive enough to consider a new idea.

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