

CHAPTER IV

The Revival of Russia

This chapter is the important point that elaborates the revival of Russia and the threat to new cold war. This explains the efforts of Russia to bring its glorious era back to the recent era. The focus is in the influence of this revival toward the existing power mainly US and its allies. This is best illustrated in the economic and military contestation of both parties in the global constellation along in their influences toward the dynamic of global politics.

A. The influence and the Direction of Revival of Russia toward the US

The focus of the influence of Russia's revival is the shaping of military doctrine and economic reform as well in the contemporary era, especially in the aftermath of Soviet collapse. This is aimed at narrowing the research focus. In addition, military and economic powers mostly become the components that are highly contested among states in recent global political constellation.

I. Military reform

First thing first is to explore the way Russia shape its military doctrine toward the redevelopment of military armament. Military readiness employed by Russia as the endeavor of balancing US power is the key prominent concern of this revival. The defense budgets of 1997–99 were structured accordingly, with their predominant portion (up to 70 per cent) allocated to the maintenance of the armed forces, with

greatly reduced numbers (altogether by 30 per cent).⁵⁹ The principal point of the new National Security Concept (compared with its 1997 version) was the supposition that the military threats to Russia were growing and that the main dangers emanated from the West: 'Elevated to the level of strategic doctrine the shift of NATO to the practice of using force outside its area of responsibility and without UN Security Council sanction threatens to destabilize the entire strategic situation in the world.'⁶⁰

In the early 2000s, large numbers of major equipment items had outlived their service life, and replacement occurred at a much slower rate.

Table 4.1 Production and Distribution of Russian Military Armaments (1992-99)

Armament Type	Domestic Sales	Foreign Sales			Total
		China	India	Other	
Aircraft	7	101	85	92	278
Helicopters	8	6	16	76	98
Submarines	2	4	6	-	10
Surface ships	2	4	3	4	11
Tanks	31	140	175	120	435
Armor troop-carriers	17	60	36	121	217
Anti-air missile systems	1	8	10	4	22

Source: "Nesokrushimaya i legendarnaya," Komsomolskaya Pravda, March 31, 2000.
<http://www.globalsecurity.org/military/world/russia/mo-budget-armaments.htm>.
 Retrieved on September, 25 2010

In 2005 the army had 22,800 main battle tanks; 2,000 armored reconnaissance vehicles; 15,090 armored infantry fighting vehicles; 9,900 armored personnel

⁵⁹ Arbatov, Alexei. *The Transformation of Russia's Military Doctrine in the Aftermath of Kosovo and Chechnya*, in Gorodetsky, Gabriel (ed). *Russia between East and West Russian Foreign Policy in the Threshold of the twentieth Century*. Frank Cass: London. 2003.

⁶⁰ Ibid. p. 29.

carriers; 30,045 artillery pieces, including 6,010 self-propelled pieces, 6,100 mortars, and 4,350 multiple rocket launchers.⁶¹

The navy had 46 tactical and 15 nuclear submarines, 1 aircraft carrier, 6 cruisers, 15 destroyers, 19 frigates, 26 corvettes, 41 mine warfare vessels, 22 major amphibious vessels, and 72 patrol and coastal combat vessels. The navy also had 266 combat aircraft. The air forces had 1,013 fighter aircraft, 677 bombers and ground-attack fighters, 119 reconnaissance aircraft, 293 military transport aircraft, and 1,520 helicopters. The strategic missile force had 570 launchers with 2,035 nuclear warheads.⁶²

Military-Industrial Reform

Table 4.2 *Defense industrial organization: The scheme for 2005–6*

Type of equipment	Number of integrated structures
Aviation equipment	5–7
Missile and space equipment	9–10
Radio equipment and control systems	7–9
Communication and telecommunication	2–3
Equipment	2–3
Electronic equipment	2
Precision guided munitions	2–3
Tanks and artillery	2–3

⁶¹ See . <http://www.globalsecurity.org/military/world/russia/mo-budget-armaments.htm>. Retrieved on September, 25 2010.

⁶² See . <http://www.globalsecurity.org/military/world/russia/mo-budget-armaments.htm>. Retrieved on September, 25 2010.

Optics and electronics (laser) equipment	1-3
Ammunition and special chemistry	6-8
Shipbuilding	3-5
Shipbuilding equipment	3-5
Total	42-58

Source: Rossefelde, Steven. *Russia in 21st century: The Prodigal Superpower*.

Cambridge University Press, UK. 2004. P. 93.

Beside the Russia's common military industrial sector reform scheme, it is obviously side by side with the efforts that have risen in the military reform which is called defense spending. There are some increases toward military spending budget of Russia in other to reform its military armaments.

Table 4.3. Aviations Equipment holding.

Source: <http://www.globalsecurity.org>

Administrative Unit	Inventory					
	1985	1990	1995	2000	2005	2008
<u>37th Strategic Air Army / Long Range Aviation</u>	1,515	1,515	1,060	765	735	174
<u>Main Air Forces</u>	11,070	10,470	7,735	7,750	6,785	1,704
<u>Troops of National Air Defense (PVO)</u>	2,370	2,370	2,370	-	-	-
<u>61st Air Army / Military Transport Aviation</u>	-	669	350	280	318	293

Army Aviation

+ + + + + +

Naval Air Force

770 745 460 430 279 260

TOTAL

15,725 15,769 11,975 9,225 8,117 2,431

Aircraft Type	Inventory					
	1985	1990	1995	2000	2005	2007
Bombers	1,225	1,205	955	680	625	204
Ground Attack	2,545	2,430	1,345	1,235	1,100	793
Fighters	1,620	1,520	1,290	1,405	1,390	765
ECM	205	205	60	60	60	60
Airborne Early Warning and Control	-	-	-	20	20	20
Reconnaissance	1,090	970	590	410	405	119
ASW	185	180	155	90	50	-
Tankers	110	110	50	50	30	20
Transport	2,135	1,870	1,390	1,390	1,430	327
Training	2,040	2,040	1,180	1,180	1,120	980
Reserves						
Decommissioned/In Storage	2,200	2,200	2,200	1,700	1,700	

The collapse of the USSR put a halt to such hubris, on the Russian, if not the American side. Russia lost its sphere of influence in Eastern Europe, as well as a large part of the territory which the Empire had accumulated over the last 400 years. The central state lost much of its authority, both over the territories remaining within its sovereignty and over Russian society. Its economy largely collapsed and its people experienced considerable privation.

In international relations, Russia lost its status as the principal interlocutor of the United States, and was ignored in major decisions, such as policy in the western Balkans and NATO enlargement, which impinged directly on the perceived vital

interests of the Russian Federation. The gap between Russia's self-image as a coequal great power and the apparent reality that others (and notably the United States) did not treat it as an equal partner produced a condition akin to resentment.⁶³

II. Economic Reform

One of the more specious arguments, particularly in the West, is that Putin has redirected Russia's focus away from traditional geopolitical emphasis towards a more economically driven set of priorities.⁶⁴ In support of this thesis, some observers point to the prominence of economic objectives in major policy statements such as that of the National Security Concept and Foreign Policy Concept of 2000, as well as the President's numerous references to the critical importance of such goals. Thus, the National Security Concept lists the 'condition of the national economy' first among 'threats to the national security of the Russian Federation'⁶⁵.

Despite the overvalued ruble, Russia's merchandise trade balance was positive throughout this period. The nation enjoyed huge comparative advantages in fuel, metals and wood/paper products; exports of these and other natural-resource products rose from 65 percent of total exports in 1994 to 73.3 percent in 1997.

However, exports of most non-natural resource products – machinery, equipment, (including cars) and instruments – remained relatively stagnant at 9.8 percent of total exports in 1994 and 10.2 percent in 1998.⁷ Moreover, an analysis by Russian economists on "Export Windfall Calculations" concluded that while the

⁶³ MacFarlane, Neil, *Understanding Russia: identity and Russian foreign policy* Available at <http://www.foresightproject.net/publications/readers/article.asp?p=2907>, retrieved at May12, 2010.

⁶⁴ Lo, Bobo. *The Securitization of Russian Foreign Policy under Putin*. In Gorodetsky, Gabriel (ed). Op. Cit. p. 13.

⁶⁵ *Ibid.* p. 13.

windfall from total exports in percent of GDP was positive in 1995, amounting to 3.2 percent of GDP, it had turned negative in 1996, 1997 and 1998, amounting to -1.1, -1.6 and -43.3 percent of GDP.

Table 44.1a Russian federation: real GDP in United States (1990) – international dollars and real GDP growth rate 1989–2005

1989	1,208.4	-
1990	1,172.1	-3.0
1991	1,113.5	-5.0
1992	1,057.8	-14.5
1993	904.4	-8.7
1994	825.7	12.7
1995	720.8	4.0
1996	692.0	-3.6
1997	701.7	1.4
1998	664.5	-5.3
1999	706.4	6.3
2000	777.0	10.1
2001	816.6	5.1
2002	855.0	4.7
2003	917.4	7.3
2004	983.5	7.2
2005	1,046.4	6.4

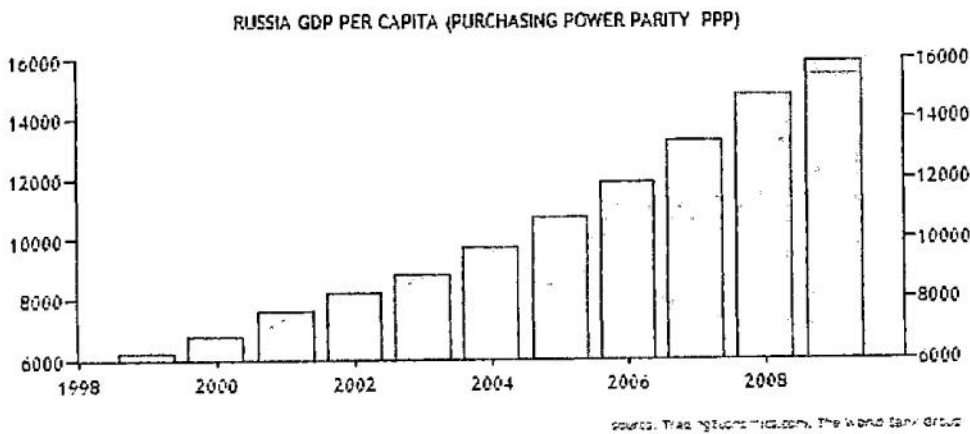
Sources: Kagarlitsky B. *Russia Under Yeltsin and Putin: Neoliberal Autocracy*, Pluto Press, London, 2002

Russia's GDP grew by 7.3% during 2003 to 13.255 trillion rubles or US \$460 billion in nominal terms, propelled by high oil prices, moderate inflation (12%), and strict government budget discipline. Real incomes grew by 10%, spurring

considerable growth in private consumption. Industrial output in 2003 grew by 7% compared with 2002.⁶⁶

Table: 4.4.1b. Russia GDP per Capita (Purchasing Power Parity, PPP)

Source: <http://www.tradingeconomics.com/russia/gdp-per-capita-ppp>



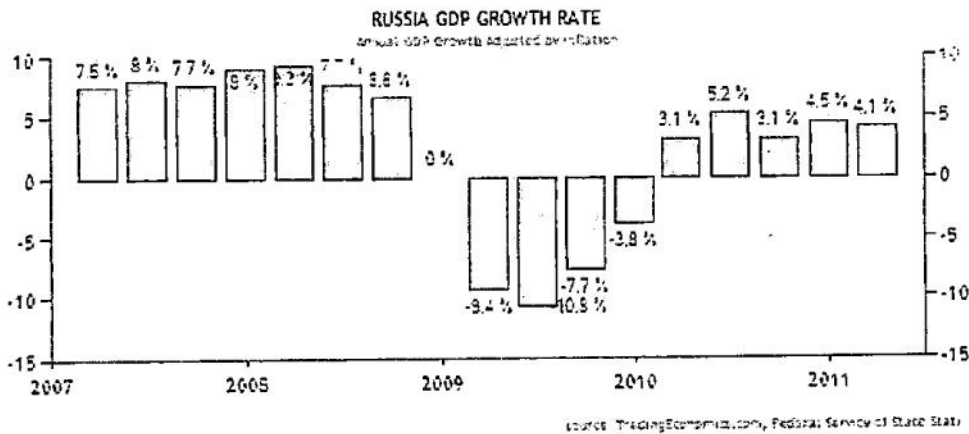
Russia's gross domestic product (GDP) has grown 4.1 percent year-on-year in the first quarter of 2011, the Federal Statistics Service (Rosstat) said on May 16. Russia's economic growth slowed in the first quarter as corporate investment stagnated and the biggest quarterly gain in oil prices for two years failed to offset \$21.3 billion of capital outflows. Gross domestic product rose 4.1 percent from a year earlier after increasing 4.5 percent in the previous three months. Net capital outflows totaled \$21.3 billion in the first quarter and \$38.3 billion in 2010, more than the central bank's forecast of \$22 billion. That compared with \$56.9 billion a year earlier, central

⁶⁶ <http://www.globalsecurity.org/military/world/russia/mo-budget-2000-06.htm>

bank data show. The country last had a net inflow in 2007, when it reached \$81.7 billion.

Table 4.4.1c. Russia GDP Growth Rate. Source:

<http://www.gfmag.com/gdp-data-country-reports/193-russia-gdp-country-report.html#axzz1SepuzTei>



The empirical record is reasonably clear. No doubt growing Russian power has something to do with it. Emerging or re-emerging powers frequently have revisionist counter-hegemonic agendas. But this does not explain why Russia would choose to deploy its power and conduct its external relations in this way. Such choices reflect at least in part how a state and society understand the world around them, and also what values they entertain. That is to say, the challenge rests to some extent on matters of identity.⁶⁷

The re-emergence of Russia and more importantly Putin's assertive and crafty approach to developing a foreign policy, has presented an issue for the world to think

⁶⁷ Ibid. MacFarlane, Neil.

about. Within 2008 Russia and China have teamed up to have a military exercise in China and five more are planned for the rest of the year. Although the motive behind the military exercise has been given as Army General Alexei Maslov said:

*Russia will hold a counterterrorism military exercise with China and other members of the "Shanghai Six" in August, the Ground Forces commander said Friday. "The main [of the six international counterterrorism exercises planned for the year] will be a joint exercise of the Shanghai Cooperation Organization in August," a regional grouping dominated by Russia and China.*⁶⁸

The New Cold War (also known as the Second Cold War) is an expression coined by Joseph Stroupe to refer to the post-Soviet era of geopolitical conflict resulting from the implementation of two divergent projects for the configuration a New world order. The two basic opposing ideas for the impending world order are Uni-polarity and Multi-polarity. The geopolitical aspects of this conflict relate to economic, military, political, cultural, educational, and energy resources competition.⁶⁹

A multi-polar world is the ideology that has been heralded by Russia, China, India and other regional powers as the most attractive alternative to a US-dominated unipolar world. To them multipolarity means multiple poles, or centers of power,

⁶⁸ Ibid. MacFarlane, Neil.

⁶⁹ See: <http://wikibin.org/articles/neo-cold-war.html>

distributed widely and more equitably across the globe, with no single pole inordinately dominating the others.⁷⁰

A uni-polar world is defined by Vladimir Putin as "one center of authority, one center of force, one center of decision making one master, one sovereign." William Kristol and Robert Kagan in their Project for the New American Century (PNAC) call it the "sole remaining superpower", which has the mission to impose a "benevolent global hegemony" upon the world.⁷¹

George W. Bush, in an address at the United States Military Academy at West Point in 2002, said: "America has, and intends to keep, military strengths beyond challenge, thereby making the destabilizing arms races of other eras pointless, and limiting rivalries to trade and other pursuits of peace." which confirms his adherence to the PNAC project and therefore to building a uni-polar world.⁷²

Internationally, Russia might well reemerge as a great power, a partner in a more peaceful world. Or, on the contrary, humiliation at Russia's loss of status, distress at the collapse of living standards, and resentment at the breakup of the Soviet Union —all of these could combine to lead to a rebirth of a virulent nationalism and a Russian imperialism, intent on reversing the course of the last half decade. If there is truly a protracted economic collapse and Russia does fissure, the results could be chaos and even war, both on and within Russia's borders.

This, in turn, could not only loose a massive flood of refugees on the world, but also entangle the Western countries in ways we do not now imagine. The world could be caught up in the convulsions shaking the former Soviet empire. Certainly,

⁷⁰ See: <http://wikibin.org/articles/neo-cold-war.html>

⁷¹ See: <http://wikibin.org/articles/neo-cold-war.html>

⁷² See: <http://wikibin.org/articles/neo-cold-war.html>

upheaval within Russia and the rest of the former Soviet Union will threaten the stability of Europe, Asia, and the Middle East.⁷³

Yet we cannot lose sight of two facts. The first is how much has already and so quickly changed in Russia. Not long ago, Boris Fedorov, the former Russian finance minister, was asked whether he thought Russia could ever achieve a “functioning market economy. “Why not?” he was replied, only somewhat facetious “We already have a malfunctioning market economy.”⁷⁴

The second fact is that, after four decades of a dangerous and costly global rivalry, the Cold War has ended without a hot war, opening up the opportunity, at least, for a more peaceful and less endangered world. What can the United States and the other countries of the West, all preoccupied with their own political and economic problems do to support Russia’s move toward democracy, free markets, and international cooperation? It is a paramount question. For this is a unique time of opportunity, both for Russia and for the rest of the world. Nevertheless, the difficulties and risks of the Russian transition will prove enormous; they will last the better part of a generation; and they will be felt by peoples all over the world.⁷⁵

Putin comes out strongly for economic reform, saying that he wanted Russia to reach Portuguese standards of prosperity in a decade. His government pushed through a 13 percent flat tax in 2001; as in other countries where this has been tried, and the results were impressive. His ministers talked of setting up a “one-stop-shop” for registering small businesses, replacing the baffling and expensive trek between different state institutions that faced Russia’s hardy would-be entrepreneurs. Then, as

⁷³ Yergin D. Gustafson, Thane. *Russia 2010 and What It Means to The World*, Op. Cit. p. 24.

⁷⁴ Yergin D. Gustafson, Thane. *Ibid.* p.25.

⁷⁵ Yergin D. Gustafson, Thane, *Ibid.* p.25.

the months went by, the Putin-mouse's squeaks turned to roars. Stumblingly at first, and then more systematically, he began squeezing independent sources of political and economic power. For those who thought that the winners and losers of the 1990s were set in stone, it was time to think again.⁷⁶

Recently, the Kremlin's aims in the politics of energy are no secret. They are outlined in the country's energy strategy, approved by President Vladimir Putin in the summer of 2003, which puts energy policy at the center of Russian diplomacy.⁷⁷

Russia is paying a heavy price for a relatively backward and inefficient legal and administrative structure that is obstructing the development of a more fully organized market economy. The market-driven policies promoted by the Putin administration are colliding with the residual elements of the old command system still adhered to by ministries, agencies and members of the civil service.⁷⁸

From its early history, Russia was organized as a super-centralized state, and this tendency affects the mentality and attitude of its people. Many ministries continue to function like headquarters for branches of a centralized economy. They direct their efforts at bringing enterprises under their control, both financially and administratively.

B. The Consequences of the Revival of Russia and the rise of New Cold War

The New Cold War is a term used to describe a perceived rekindling of conflict, tension, and competition between Russia and other Western Powers, most

⁷⁶ Lukas Edward. *The New Cold War: Putin's Russia and The Threat to The West*. Palgrave Macmillan, NY, 2008.

⁷⁷ Op.Cit. p. 172

⁷⁸ Letiche. John M. *Russia Moves into the Global Economy*, Routledge, New York, 2007.

predominantly the United States, following the 1991 end of the Cold War. The term gained significant usage following the August 2008 escalation of hostilities between Russia and Georgia, the latter of which has become a close ally of the United States and NATO. The term "Cold War II" has also been used less frequently to describe the situation.

While the conflict between Russia and Georgia is directly related to the status of the breakaway Georgian provinces of South Ossetia and Abkhazia, some in the media have argued the conflict is more clearly an act by Russia to reassert its influence in its "own backyard." Former Russian President Mikhail Gorbachev, in an editorial published by the Washington Post in August 2008, asserted that attempts by the United States to bring Georgia into its "serious blunder." The Independent printed that it believed the military hostilities "revived the specter of the highest tense days of the Cold War.

In the other case is the Kosovo crisis, which reached a peak in the last year of the 1990s, undoubtedly represented, for many, the greatest challenge to Russia-NATO relations yet faced. In 2000, for example, Vladimir Baranovsky argued that 'the Kosovo phenomenon contributed more to the consolidation of Russia's anti-NATO stance than the whole vociferous campaign against the enlargement of NATO'. In the same year, western analyst Mark Smith described the crisis as 'a turning point in Russian perceptions of the West.'⁷⁹

Others in the media have argued the tension between Russia and the US has been growing under former Russian President, now Prime Minister Vladimir Putin.

⁷⁹ A. Smith, Martin. *Russia and NATO since 1991 From Cold war through cold peace to Partnership?*, London and New York: Routledge 2006 p. 78.

Putin's predecessor as president, Boris Yeltsin, however, heightened his criticism of the United States just weeks before he left office, condemning what he believed to be then-President Bill Clinton's attempts to put pressure on Russia. Only weeks later Yeltsin surprisingly stepped down and unexpectedly named Putin as his successor.

In addition, United States plans to create missile defense installations in Poland, and potentially other former Soviet Bloc countries, were met with a tense response in 2007, with the Kremlin saying that the moves by the United States "brings tremendous change to the strategic balance in Europe, and to the world's strategic stability. Furthermore to its close ties with Poland, the United States has become an ardent ally of Georgia and has worked strenuously towards Georgia's inclusion in NATO.

There are some points that should be figured out in terms of the consequences of the revival of Russia in recent time in the global political constellation. First thing first are the balance of power and the rise of multi-polarity.

As suggested in the first chapter, balance of power theory without the Soviet threat to the United States, as the dominant world power, will face difficulties in its relations with such states as China and the European powers. For example, key countries such as China, Russia, France, and Germany all opposed the United States invasion of Iraq in 2003 in diplomatic arenas such as the United Nations. Yet this opposition did not stop the United States from acting, exposing the significant gap in military capability that now exists between the United States and the rest of the world.

According to Lukas, a developed Western consensus on how to deal with Russia took shape only slowly in the last Cold War, and a new one will not be arrived at overnight now. But the elements are clear. Europe and the United States must realize that the Kremlin's aim is to split them. The United States must not accept divisive deals from Russia on security (trading help in Iran for the abandonment of Georgia, for example). Similarly, the European Union (EU) must drop its lingering underestimate for the United States.⁸⁰

Certainly the current U.S. administration's foreign policy has been open to criticism. But the common transatlantic interests are far deeper and more important than the temporary disagreements over Iraq, the Middle East, or climate change. Europeans may sometimes privately agree with Russian complaints about American arrogance or incompetence, but they should be careful about echoing them publicly. Faced with a resurgent Russia, Europe needs the United States more than it needs Europe.

A reform that increased the efficiency of Russian industry, and allowed the technological capacity accumulated in Soviet times to be used successfully for market ends, would have led to a conflict with the West no less acute than in the time of the Cold War. As part of Russia's structural militarization, the genshtab (general staff) wants to enlarge the armed forces beyond what is required for optimum security. The buildup desired will be sufficient to restore the federation's undisputed status as a superpower, but only a junior one.

⁸⁰ Op.Cit. p. 217

In addition, it will provide little tangible benefit because the Muscovite model will prevent Russia from developing the commercial base to compete technologically with US in RMA (revolution in military armaments). Moreover, full-spectrum rearmament will strengthen authoritarianism, nail the coffin shut on democratic free enterprise, starve civilian investment, hamper global integration, and bind Russia to Soviet-style impoverishment.

A permanent 'trade war' would have been completely inevitable and, in certain situations, local wars could have broken out as well. The people of Russia and the country's elites were not prepared for such a conflict either politically or psychologically. In the situation that had arisen, the course chosen by the Russian elites – a course that involved wiping out their own industry, impoverishing the population (lowering the price of labor power), destroying science and turning the national economy into a semi-colonial appendage – represented a quite logical and in its own way 'correct' answer to the challenge of globalization. In any case, the Russian elites simply had no other way of painlessly inserting themselves into 'the open society' and 'world civilization'.⁸¹

Although average tariff rates of the United States and the EU are now not high by any standards, certain sectors such as temperate-zone agricultural products, steel and light manufactures – sectors in which Russia is expected to be developing competitive advantages – are classified by the EU as "vulnerable" or "sensitive." This represents a substantial potential barrier to the expansion of Russia's exports. Similar

⁸¹ Kagarlitsky B. *Russia Under Yeltsin and Putin: Neoliberal Autocracy*, Pluto Press, London, 2002.

obstacles exist in some U.S. import sectors.⁸²Western countries, however, have expressed concern over Russia's more assertive policies in recent years both in the former Soviet countries and in what Russia regards as its historic spheres of influence. On September 20, 2003, for example, Russia launched a drive to establish an economic union called the United Economic Space (UES). The objectives were to eliminate, in the longer term, trade barriers and customs between Russia, Ukraine, Kazakhstan and Belarus.⁸³

The second is the rise of multi-polarity in the global political constellation. The Bush-Putin agreement pledging Washington and Moscow to reduce their strategic nuclear forces to 1,500– 1,700 weapons not only pares their arsenals but places caps on the scale of permissible nuclear modernization. The preceding assessments of Russia's present and potential military power can be clarified further with the assistance of physical and economic comparisons.⁸⁴The potential of Russia's Muscovite economic system is large enough to support the full-spectrum, fifth-generation rearmament scheduled for 2005–10 if Putin restores the genshtab's (general staff) control over the federation's natural resources, for the Soviet era military-industrial complex is largely intact and the missing pieces can be reassembled.

Beside, The US led unipolarity extends NATO operations beyond its natural geographic limits, such as Afghanistan, and other war theaters. It is also incorporating countries formerly under the Russian sphere of influence. US carries out advance

⁸² Op. Cit. Letiche. John M. *Russia Moves into the Global Economy*. P. 58

⁸³ Op. Cit. p.59.

⁸⁴ Rossefielde, Steven. *Russia in 21st century: The Prodigal Superpower*. Cambridge University Press, UK. 2004.

plans to use the new NATO countries as platform for its missile defenses. This kind of thing leads to high tension of world politics.

Otherwise, in the other side of the world, Russia along with its strategic allies also expands its sphere of influence through its military and economic power. Russia is revising its military doctrine in order to deal with what it sees as an increased threat of US military actions around the world. China has substantially increased its military budget and it is on the path of becoming a global military power. India is building its own naval force and enhancing its ballistic missile technology with the assistance of Russia.

The rapid industrial expansion of China and India has created a competition for the world's energy resources and the need to secure their supply. The increase in the military expenses of these three countries is aimed at ensuring its energy security as threats amount due to the Iraq war and other crisis in energy rich areas of the world.