

Chapter 7

Russia

Russia entered upon the new century with an energetic young leader Vladimir Putin. He seems to be aiming at rebuilding a strong Russia by resolutely facing up to the reality in Russia and by solving problems facing Russia one by one.

Nearly ten years under President Boris Yeltsin were a transitional period from the old regime of the Communist Party dictatorship to a new regime based on democracy and market economy. In the sense that he had demolished the old regime, President Yeltsin had made a great success. However, he failed to resolve the confusion that had arisen in the course of transition to the new regime and was unable to alleviate the sufferings of the people. What the Russian people expect President Putin to do first is to end the political and social confusion, and stabilize their livelihood.

Putin considers solving domestic problems the top priority of his administration and believes that a strong Russia could not be revived without solving these domestic problems. In foreign policy, he stressed that Russia will favor a pragmatic approach for overcoming domestic difficulties, and has indicated his willingness to steer clear of troubles that could impair economic relations with the West. In the field of defense and security, he attaches priority to adapting Russia's military to the country's needs and economic potential.

Since he took office President Putin has revised basic documents on diplomacy, national defense and security: *Foreign Policy Concept of the Russian Federation*, *National Security Concept of the Russian Federation* and *Military Doctrine*. However, as the Putin administration has barely begun, no concrete result has been achieved as yet.

1. The Advent of President Putin

(1) Background of Putin's Victory in the Presidential Election

Vladimir Putin was elected president of Russia in the election of March 26, 2000, by garnering 52.94 percent of the vote, obviating a

runoff election. Since taking office as prime minister in August 1999, he has succeeded in projecting his image as a strong leader by taking a hard-line toward the conflict in Chechnya. Putin who had been appointed as acting president following the resignation of President Yeltsin toward the end of the year took the job of the presidency in stride before the presidential election and thus had the upper hand in the presidential campaign.

Factors that contributed to Putin's victory were that he had gotten former President Yeltsin's blessing as his successor in running for the presidential election and that consequently he was able to win the support of Yeltsin's allies and oligarchs who had underpinned the Yeltsin administration. Moreover, Putin, who had been an officer for the Committee for State Security (KGB), had the support of the intelligence and security community, and influential local leaders. It was also characteristic that there was the widespread support of Russian armed forces and their family members for Putin at the recent presidential election that distinguished it from past ones. They represent an estimated 6 million votes or about 10 percent of the nation's total votes. In the State Duma election of December 1999, more than 90 percent of them went to the polls helping Putin's electoral bloc "Unity" score impressive gains. In the presidential election that followed, more than 80 percent of military personnel are believed to have voted for Putin. What prompted a big majority of them to vote for Putin was their expectations that his administration would help the military climb out of the wretched position to which it had been reduced by the political and economic turmoil during the Yeltsin era, and regain its rightful place. The fact that the Communist Party of the Russian Federation and other opposition parties failed to hold their ground in the Duma election and that they were no longer as powerful as they were in the Yeltsin era worked to Putin's advantage.

Even the sinking of the submarine *Kursk* of Russia's Northern Fleet in the Barents Sea, and the inept handling of its rescue did

not damage Putin's popularity, and Putin enjoys a high approval rating of close to 60 percent.

(2) Characteristics of Putin's Appointment of Key Ministers

The Cabinet lineup of the Putin administration clearly illustrates his commitment to solving domestic problems — reviving Russia's economy and strengthening law and order.

Standing out conspicuously on the list of Cabinet ministers are natives of St. Petersburg from where Putin hails. He has picked one of his colleagues of the years when he served as deputy mayor of St. Petersburg City and another native of the same city who was his colleague during his KGB days. One has the impression that he appointed people whom he can trust to key posts so that he can press ahead with his economic reforms and measures to strengthen the rule of law and order. He also filled non-Cabinet posts — the first deputy chief and five out of the eight deputy chiefs of the Presidential Administration, the head of the Main Department of Domestic Affairs, and the secretary of the Security Council — with people whom he knew since his days in St. Petersburg.

Although he filled key posts in the Cabinet, the Presidential Administration and the Security Council with his St. Petersburg connection, he was unable to fill the posts of prime minister and chief of the Presidential Administration with his confidants. Newly appointed Prime Minister Mikhail Kasyanov and holdover Chief Aleksandr Voloshin of the Presidential Administration are men close to Yeltsin's "family (*sem'ya*)" that had wielded power during the Yeltsin era. Their appointment to key posts is believed to be a reward for the cooperation the Yeltsin family had extended to Putin during the election campaign. Signs show that the new Putin administration has not been strong enough to eliminate the influence of the Yeltsin family. However, Putin has established a sure footing by manning key posts with his close aides, firm enough to gradually eliminate the influence of the Yeltsin family.

Table 7-1. Key Appointees of the Putin Administration**Members of the Security Council**

Position	Name	Yr. Born	Career Background
[Chairman]			
President	☆☆ Putin, V.V.	1952	Prime Minister, Acting President
[Regular Member]			
Secretary of the Security Council	☆☆ Ivanov, S.B. ^c	1958	Deputy, FSB
Prime Minister	Kasyanov, M.M.	1957	Vice Minister of Finance, Minister of Finance
Foreign Minister	Ivanov, I.S.	1945	Ambassador to Spain, First Vice Minister of Foreign Affairs
Defense Minister	Sergeyev, I.D. ^d	1938	Commander-in-Chief of the Strategic Missile Force
Director, FSB	☆☆ Patrushev, N.P.	1951	Deputy, FSB
[Members]			

The Presidential Administration and the Cabinet

Chief of the Presidential Administration	Voloshin, A.S.	1956	Researcher of the Minister of Foreign Economic Relations, businessman
Vice Premier (Minister for Civil Defense, Emergencies and Disaster Resources)	Shoigu, S.K.	1955	Vice Chairman of the State Committee on Building and Construction
Interior Minister	Rushailo, V.B. ^e	1953	General Dept. Director of Moscow, and Vice Interior Minister
Justice Minister	Chaika, Yu. Ya.	1951	Acting Prosecutor General

President's Representatives for Federal Districts

Siberia Fed. District	Drachevskii, L.V.	1942	Ambassador to Poland, Minister in Charge of CIS
Northern Caucasia Fed. District	Kazantsev, V.G.	1946	Commander, North-Caucasian Military District
Volga Fed. District	Kirienko, S.V.	1962	Prime Minister (April-Aug. 1998)
Ural Fed. District	Latyshev, P.M.	1948	Vice Interior Minister
Central Fed. District	☆☆ Poltakhchenko, G.S.	1953	President's Representative in the State of Leningrad
Far East Fed. District	Pulikovskii, K.B.	1948	Lt. General, retired
North-West Fed. Dist.	☆☆ Cherkesov, V.V.	1950	First Deputy of FSB

<Federal Assembly>

Speaker, the State Duma	Seleznev, G.N.	1947	Chief Director of <i>Pravda</i>
Chairman,	Stroyev Ye.S.	1937	A member of Politburo,

Fed. Council the former Communist Party,
head of *Oblast* administration

Others

Chief, the Gen. Staff	Kvashnin, A.V.	1946	Commander, North-Caucasian Military District
Director, External Intelligence Service	★ Lebedev, S.N.	1948	Served at External Intel. Service
Director, Fed. Border Service	Totskiy, K.V.	1950	President, Academy of Federal Border Service
Prosecutor General	Ustinov, V.V.	1953	First Deputy Prosecutor General of Krasnodar Krai
Chairman, Govt. Inf. and Communications Agency	★ Matyukhin, V.G.	1945	Served at various offices of KGB
President, Academy of Science	Osipov, Yu.S.	1936	Served at Ural Academic Center and Moscow University

The Presidential Administration (Members of deputy chiefs or higher mentioned above)

Position	Name	Yr. Born	Career Background
First Deputy Chief	Shabdurasurov, I.V.	1957	President of Russian Public TV (ORT)
First Deputy Chief	☆ Medvedev, D.A.	1965	Lecturer, St. Petersburg State Univ., deputy chief of the Presidential Administration
Deputy Chief	Prikhod'ko, S.E.	1957	Served at Foreign Ministry, aide to the President
Deputy Chief	Pollyeva, D.R.	1960	Adviser to the President
Deputy Chief	Losov, Ye.K.	1940	Acting Prosecutor General
Deputy Chief	Sulkov, V.Yu.	1964	V.P. of ORT, Assistant to the Chief of the Presidential Administration
Deputy Chief (Acting Secretary of the State Council)	Abramov, A.S.	1957	Vice Governor of Alpha Bank
Deputy Chief	☆ Setin, I.I.	1960	First Deputy Director of the Secretariat of the Government
Deputy Chief	☆★ Ivanov, V.P.	1950	Served at KGB, and Deputy Director of FSB
Deputy Chief	☆ Kozak, D.N.	1958	Head of Legal Dept. of St. Petersburg Mayor Office

Members of the Presidium of the State Council

Position	Name	Yr. Born	Career Background
Head of Administration of Khabarovsk Krai	Ishaev, V.I.	1948	Factory foreman, First Deputy of Khabarovsk <i>Kraispolkom</i>
Head of Administration of Tomsk Oblast	Kress, V.M.	1948	First Secretary of the District Party Committee, a deputy to the <i>Oblast</i> Soviet
Mayor of Moscow	Luzhkov, Yu.M.	1936	First Deputy Chairman of Moscow City Executive Committee
Chairman of the State Council of Dagestan Republic	Magomedov, M.M	1930	Chairman of the Supreme Soviet of Dagestan Autonomous Republic
Governor of Tyumen Oblast	Roketskii, L.Yu.	1942	Chairman, Executive Committee Soviet of Tyumen Oblast
President, Republic of Tatarstan	Shaimiev, M.Sh.	1937	Chairman of the Ministerial Council of Tatar Autonomous Republic
Mayor of St. Petersburg City	Yakoblev, V.A.	1944	Construction Chief engineer, Deputy Mayor

Vice Premier (other than those mentioned above)

Name	Yr. Born	Career Background
☆Klebanov, I.I.	1951	First Deputy Mayor of St. Petersburg
☆Matvienko, V.I.	1949	Vice Chairman of the Executive Committee of the Soviet of Leningrad City
Khristenko, V.B.	1957	Vice Minister of Finance, Director representing Russia at the World Bank
☆Kudrin, A.L. (doubling as the Minister of Finance)	1960	First Deputy Mayor of St. Petersburg City, First Vice Minister of Finance
Gordeyev, A.V. (doubling as the Agricultural Minister)	1955	First Vice Minister of Agriculture and Food

Sources: Data from the Web site of the Security Council of the Russian Federation, the Web site of Norwegian Foreign Affairs Institute, *Russia — 2000: Sovremennaya politicheskaya istoriya (1985-1999), Vol.2* (Moscow: Dukhovnoe nasledie/RAU-Universitet, 2000).

^aIncumbents are as of Jan. 1, 2001.

^b☆ indicates St. Petersburg connection (those who had played a key role in St. Petersburg City for a certain period without opposing Putin). ★ indicates KGB connection (those who had worked at KGB).

^cIvanov was nominated for the Defense Minister on March 28, 2001.

^dSergeyev has changed his post to the adviser for president since March 28, 2001.

^eResigned at March 28, 2001. Gryzlov, B.V. took his place.

2. Rebuilding a Strong Russia

(1) Putin's Perception of the Current Situation

Putin's priority is to build a strong economy and restructure Russian armed forces into much more efficient one.

Putin said that the might of a country as a great power is manifested more in its ability to be the leader in ensuring a high level of people's well-being, reliably protecting its security and upholding its national interests in the international arena, than in its military strength. His remark seems to betray his true feeling that today's Russia is a great power only in terms of its military strength. Unless Russia changes and becomes able to ensure a high level of people's well-being, the call for rebuilding a strong Russia will fizzle out into an empty slogan.

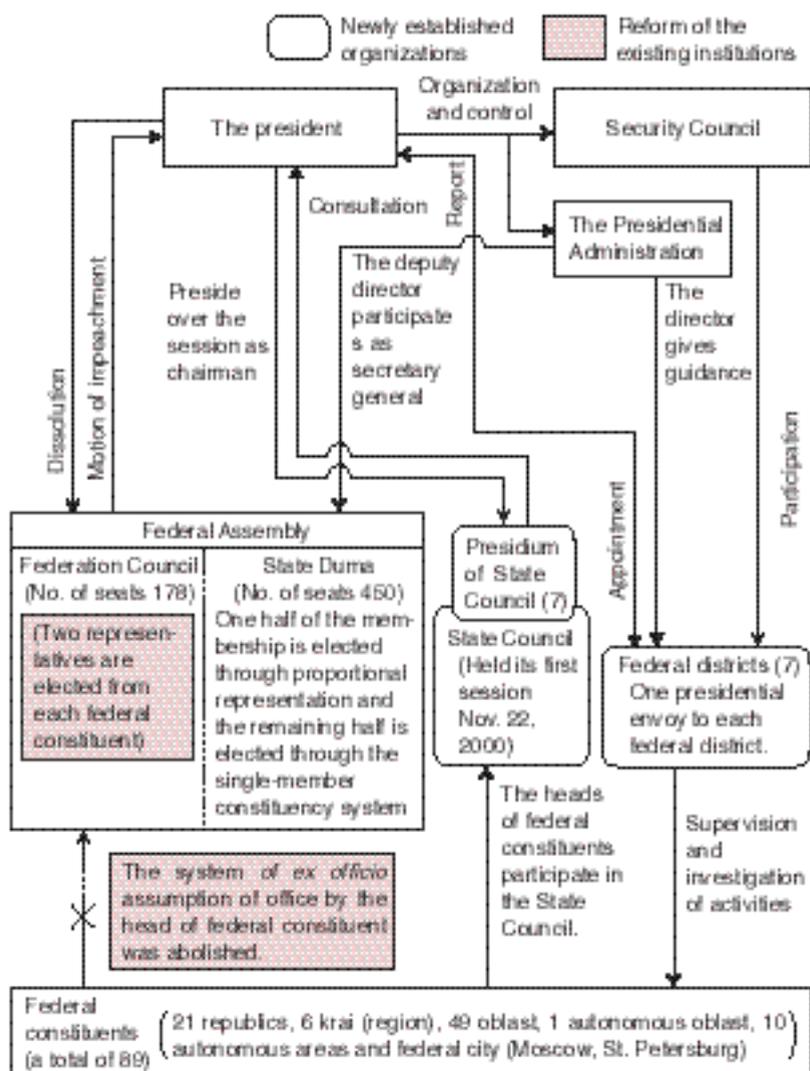


President Putin practicing in judo at Kodokan, Tokyo (September 5, 2000)

In an article "Russia at the turn of the Millennium" published at the end of 1999, Putin for the first time revealed his outlook on the world and his view of the world and the present state of Russia. In that article, he cited the following as problems facing the economy of Russia — excessive reliance on the resources and energy industries for earning foreign currency, the extremely low productivity in the real economy sector, aging of industrial plants and equipment, the dearth of direct foreign investment, and inadequacy of research and development investment. And he admitted that while the major blame should be placed on the Communist regime, the malfunctioning of the government throughout the 1990s was also responsible for it. And he stressed the need for the government to recover its ability to coordinate the nation's economic activities, im-

Chart 7-1. Reform of Political Structure by the Putin Administration

(as of January 1, 2001)



Sources: Data from *Rossiiskaia gazeta*, May 16, 2000; *Rossiiskaia gazeta*, September 5, 2000; and the Web site of the Security Council of the Russian Federation

Note: Only key changes in the state organization were included in the chart.

prove the investment climate attractive to foreign investors, pursue an economic policy of priority development of industries that lead in the sphere of high-technologies and science-intensive products, carry out rational structural reforms, create an effective financial system and promote the integration of the Russia into world economy.

In an annual message to the Federation Assembly on July 8, 2000, President Putin spelled out his view on the present state of domestic affairs. He expressed his apprehensions about the declining national power of Russia as symbolized by decreasing population. His policy gave top priority to an early solution to domestic problems. Among other things, he pointed out the problems facing the nation — the lack of discipline, law and order exacerbates underground economic activities and corruption, which allowed the flight of large sums of capital out of the country — and stressed the validity of the steps he had taken to strengthen the legitimate function of the government by blaming the protracted economic crises on the malfunctioning of the government. In an “open letter to voters” published in *Izvestiya* on February 25, he affirmed his commitment to improving the economic reforms and rooting out corruption. In that letter, he stated that a strong country means a state ruled by law, and that by establishing a strong state, Russia can get rid of crimes and corruption.

(2) The Strengthening of Law and Order, and the Federal System

President Putin has worked out various measures for domestic reforms. First, he started out to prosecute oligarchs who had amassed a fortune by cozying up to the Yeltsin administration but failed to pay any tax and had illegally transferred large sums of capital to other countries. However, probes undertaken by the Putin administration so far are of a punitive nature aimed at selective targets such as oligarch Media-MOST (headed by Vladimir Gusinsky) that are critical to his administration. Security and in-

telligence agencies, such as the Federal Security Service, that play a central role in these probes are growing in its importance in the enforcement of law and order. Various suspicions are growing about oligarchs — their alleged involvement in laundering IMF loans granted to Russia during the Yeltsin era, for one. Thorough probes into such suspected wrongdoings would go a long way toward enhancing the credibility of the Putin administration and strengthening the economic relations of Russia with Western countries.

However, the top priority of his domestic reforms is to strengthen the authority of the central government led by his Presidency. Until recently, the opposition parties led by the Communist Party had wielded a dominating power in the State Duma, but their influence has receded after the 1999 election. Since Putin took office, his administration's relations with the State Duma have become more stable than under the Yeltsin administration. By this, Putin could tighten his control over the leaders of the federal constituents (republics, krai, oblast, etc.). By granting federal constituents much broader autonomy, the Yeltsin administration had won the support of their heads for its policies. However, the broader autonomy impeded the implementation of economic reform on a nationwide scale. Aware of the difficulties Yeltsin had faced, Putin seeks to remove these obstacles by implementing institutional reforms set forth below.

First, he has created seven federal districts. The boundaries of these federal districts were drawn along the lines of the existing military districts of the interior troops. The division is designed to put federal constituents in each district under the control of the central government by posting a presidential envoy to each district. At least four of the seven presidential envoys were picked from among those who had served in the military or security agencies. And these envoys double as a member of the Security Council. Second, Putin prohibited the heads of federal constituents and the assembly chairman from doubling as a member of the Federation

Council (Upper House of the Federal Assembly). Third, he vested power in the president to remove the head of a federal constituent under certain conditions.

As expected, the heads of federal constituents who stood to lose power opposed the change in the system. To appease them, Putin decided in September 2000 to create the State Council as a consultative body composed of the heads of federal constituents. Because Putin assumed office as president only six months ago and therefore lacked clout, he had to take measures to stave off the opposition of regional leaders to maintain the stability of his administration, while strengthening his control over the republics and oblast. His appointment of Yuri Luzhkov (mayor of Moscow City), Mintimer Shaimiev (president of Tatarstan), Viktor Ishayev (governor of Khabarovsk Krai) as members of the Presidium of the State Council was designed to appease these men of influence by letting them have a voice in the affairs of the federation.

3. Pragmatism of Putin Diplomacy

(1) The Approval of a New Foreign Policy Concept

On July 10, 2000, Putin unveiled Russia's new foreign policy concept. True to the policy he had elucidated earlier in his annual message to the Federal Assembly, the new doctrine is based on a pragmatic approach aimed at creating an external environment for overcoming internal economic difficulties. Basic provisions of Foreign Policy of the Russian Federation ("the former Concept") adopted in April 1993 under Yeltsin were based on the presumption that an equal and reciprocal partnership between Russia and other countries will steadily grow stronger in coming years. However, the new concept says at the outset that their presumption of the former Concept failed to materialize, which has necessitated the formulation of the basic concept of a new foreign policy.

The new concept touches first on Russia's relations with member countries of the Commonwealth of Independent States and then on

those with Western countries. This suggests that Russia assigns its foreign policy priorities in that order. However, it has devoted a much larger space to the description of its relations with the United States and North Atlantic Treaty Organization (NATO). This may mean that Putin's major concern is Russia's relations with Western countries. In a passage dealing with its relations with the West, criticism is leveled at the policies of these countries while acknowledging the necessity to cooperate with them. The new concept says that under the dominating economic and military power of the United States, the tendency toward unipolarization of the world has grown stronger, raising a new challenge and threat to the national interest of Russia. On the other hand, it points out that to improve the international geopolitical environment and ensure global strategic stability, it is essential to actively carry on constructive dialogue with the United States. While it says that the basic political and military stance of NATO is not compatible with the security interest of Russia, it realistically acknowledges the role played by NATO and stresses the importance of cooperating with it.

It is thought that the criticisms it leveled at the policies of the United States and NATO reflect the view of the domestic forces critical of the United States and NATO. These forces take the view that NATO eastward enlargement and the U.S. national missile defense (NMD) program are anti-Russian. By contrast, it is safe to assume that Putin attaches more weight to dialogue and cooperation with the United States and NATO. Even before he was elected president, Putin led Russian efforts to mend its fences with Western European countries and the United States that had been strained by NATO's bombing of Yugoslavia and the Chechnya conflict. In February 2000, Putin invited newly appointed NATO Secretary General George Robertson to Moscow, and they agreed to resume contacts between Russia and NATO that had been frozen since the bombing of Yugoslavia.

The basic direction of Putin's pragmatic foreign policy is to steer

clear confrontation that impedes mutually beneficial economic relations with other countries. Putin is expected to avoid unnecessary conflict with Western countries. However, if Putin, in his zeal to improve the relations with the West, tilts too steeply toward a pro-Western foreign policy as President Yeltsin had done, he would be likely to invite a backlash from domestic anti-American and anti-NATO forces. Realizing this, he has delicately struck a balance between his opposition to NATO enlargement and his approval of the European Union (EU) enlargement.

(2) The Plot of East Asia Diplomacy

Since taking office as acting president, Putin had to devote his efforts during the first half of 2000 to mending Russia's relations with Western countries that had soured following the Kosovo conflict and the Chechnya conflict. On the other hand, the new foreign policy concept stresses that a general improvement of the situation in Asia is of crucial importance to Russia. It acknowledges the particular importance of strengthening its relations with Asia-Pacific countries to promote economic development of Siberia and the Far Eastern region of Russia. As if to demonstrate this acknowledgment, Putin has launched a diplomatic campaign in East Asia by visiting China and North Korea in July 2000 when he attended the G-8 Okinawa summit.

In the sense that he attaches importance to China in his East Asia policy, he follows the policy line laid down by Yeltsin. However, while Yeltsin had toward the end of his term sought to strengthen political ties with China in reaction to American policy, Putin has changed his foreign policy objective by attaching greater importance to economic ties with China.

Policy goals of Putin's East Asia may be summed up in the following points. First, he seeks to strengthen his bargaining position vis-a-vis Western countries by using his East Asia policy as a bargaining chip. What Putin has in mind is to make the United States appreciative of the importance of an intermediary role Russia can

play in talks between the United States and other countries the United States sees as dangerous, like North Korea. Second, he is trying to strengthen Russia's economic relations with East Asian countries with a view to enlisting their cooperation in developing the Russian economy, in general, and that of Siberia and the Far Eastern region of Russia, in particular.

(3) In Search of Pragmatic Relations with China

That Putin chose China as the first Asian country to visit indicates that Russia continues to attach the greatest importance to China among Asian countries. The new foreign policy concept assigns top priority to develop friendly ties with key Asian states, primarily China. In particular, Russia will aim to raise the level of economic ties with China to that of political ones.

On December 10, 1999, a convalescent President Yeltsin went to China braving ill health to sign a Russo-Chinese joint communique affirming to strengthen a strategic partnership between the two countries. One had the impression that China took it for granted that Putin would follow the China policy initiated by Yeltsin in the closing days of his administration. In January 2000, China's Defense Minister Chi Haotian visited Moscow and in the following month, China's Foreign Minister Tang Jiaxuan went there to have talks not only with their Russian counterparts but to see Putin, who was not yet president. When Putin was elected president in March 2000, President Jiang Zemin of China called him to offer his congratulations, the first among world leaders.

Although the leaders of the two countries did agree to strengthen their strategic partnership, they did not exactly see eye to eye on other pending issues. It appears that the two countries have different images of a strategic partnership. Russia entertains fears that a modernized Chinese armed forces achieved through stepped-up military technical cooperation might pose a threat to its own security. By the same token, while Minister of Defense Igor Sergeyev and his Chinese counterpart Chi agreed on military cooperation

and military technical cooperation, when China wanted to purchase Russia's latest Su-37 multimission fighters and more advanced Russian air defense systems, Russia balked at the sale. Although Deputy Prime Minister Ilya Klebanov in charge of the defense industry acknowledged the importance of promoting military-technical cooperation with China at a meeting he had with Minister of Defense Chi, he went even further stating that Russia would not allow a tilt in relations only in the field of military-technical cooperation. The remarks made by these Russian leaders are an indication of their complaints about the structure of trade between the two countries that tended to tilt too heavily toward the export of weapons. For example, a meeting with Russia's Foreign Minister Igor Ivanov, China's Foreign Minister Tang Jiaxuan urged the promotion of bilateral ties to one of full-fledged cooperation. Ivanov responded that Russia was satisfied with the current state of partnership and stressed that the two countries should first implement the existing agreements. When Deputy Prime Minister Klebanov visited China in March 2000, he reportedly discussed with Chinese leaders not only the export of arms to China but cooperation in the field of energy, the sale of next-generation passenger aircraft, investment and trade in non-military goods.

Despite China's hopes, Putin's visit to China did not materialize until July. In China, he and President Jiang Zemin issued a joint statement denouncing the U.S. NMD program to demonstrate their unity. In that statement, they expressed strong opposition to amending the Anti-Ballistic Missile Treaty (ABM) of 1972. However, at a U.S.-Russian summit early in June, Putin hinted that Russia might go along with a certain revision in the ABM treaty. The opposition of China against NMD, which is bent on preventing Taiwan from participating in the theater missile defense (TMD) system, is more vocal. One result of the Sino-Russian summit that Russia regarded highly was the bilateral agreement relating to their cooperation in the fields of finance and energy. And this has brought to light a subtle difference in priorities between the

two countries.

Although Putin's China policy is increasingly leaning toward achieving pragmatic results in wide-ranging areas, it is no exaggeration to say that the progress made so far in their bilateral relations has been limited to the exchange of visits of defense officials and military-technical cooperation. Their activities in these areas have been carried out continuously in 2000. The first of two Russian-built guided missile destroyers (*Sovremenny* class) that China had bought from Russia arrived in China in February, and the other one was delivered to China in November. When Klebanov visited China in March, he was told by his Chinese counterpart that China wanted to buy two more. In January, Russia agreed to license China to produce Su-30MK multimission fighters. As arms import from Russia have increased, the number of Chinese military personnel who were sent to Russia for training has increased. For instance, Russia has undergone in St. Petersburg one-year training for Chinese Navy personnels in the operation and maintenance of guided missile destroyers of the *Sovremenny* class. A group of Chinese military experts have completed training at the training center of the Russian Air Defense Forces in Orenburg oblast. In addition, a military delegation headed by the chief of the General Staff of the two countries has regularly visited to one another's country. And Russian and Chinese diplomatic and defense experts have regularly held meetings, the latest one being the Moscow meeting on the missile defense issues in May 2000.

(4) Groping for the Recovery of Influence on the Korean Peninsula

Acknowledging the importance of stabilizing the situation in Asia — a region where an arms race is gaining momentum and one that has become a hotbed of military tension — Russia's new foreign policy concept characterizes the situation on the Korean Peninsula as the most serious security concern of Russia. It points out that Russia will concentrate on "its equal participation in the

solution of the Korean problem and balanced relations with the two Korean states.” And this stance was graphically manifested in Putin’s visit to North Korea in July 2000.

For quite some time, Russia’s leadership has been aware that Russia had made less effort to cultivate its relations with North Korea than it had with South Korea, and toward the end of his term, President Yeltsin took steps to repair its relations with North Korea. This change in its North Korea policy seems to derive from the following perceptions: If Russia succeeds in coaxing North Korea into joining the international community, it would not only bring about stability in the Korean Peninsula but enhance the international position of Russia; If Russia succeeds in dissuading the North Korean leadership from developing nuclear weapons, it would deprive the United States of the pretext to develop the NMD and reinforce Russia’s position against it. Moreover, such successes would make the United States realize the importance of the role played by Russia in mediating its disputes with North Korea.

Russia strove to rebuild its relations with North Korea during 2000. In February, Foreign Minister Ivanov went to North Korea to sign a Russia-DPRK (Democratic People’s Republic of Korea) treaty of friendship, good-neighborliness and cooperation, and it was ratified by the State Duma on July 19 to coincide with Putin’s visit to North Korea. Actually, this treaty was initialed as early as March 1999, but formal signing had been put off partly because it turned out to be a far cry from the old treaty — unlike its predecessor, the new treaty does not obligate Moscow to provide military assistance in the event that Pyongyang comes under attack by a foreign aggressor. However, as North Korea has started changing its foreign policy to put an end to its isolationism since around September 1999, Russia was able to persuade North Korea to formally sign the treaty. The new treaty provides that in case a situation threatening peace and security arises, the parties will forthwith contact each other, and that “it does not infringe upon the interests of a third country.” And this indicates the care they exercise not to alarm

Table 7-2. Chronology of Russo-North Korean Relations

Date	Events
July 1961	President Kim Il Sung visits Moscow and signs USSR-DPRK treaty of friendship, cooperation, and mutual assistance ("the USSR-DPRK treaty"), and the two countries form an alliance.
May 1984	President Kim Il Sung visits Moscow for the first time in 23 years. At a meeting with General Secretary of the Communist Party of the Soviet Union (CPSU) K.U. Chernenko, the Soviet Union agrees to provide North Korea with fighters and other weapons.
March 1985	Mikhail S. Gorbachev takes power as General Secretary of CPSU.
Oct. 1986	President Kim Il Sung visits Moscow and has a meeting with Gorbachev. At the summit, the leadership of the USSR approves the supply of arms (including fighters) to North Korea, and agrees to forgive North Korea's debt to the Soviet Union.
July 1988	President Roh Tae-Woo of South Korea announces "a northward diplomacy" that indicates his interest in improving relations with the Soviet Union.
Sept. 1988	The Soviet Union sends a team of athletes to the Seoul Olympics. General Secretary Gorbachev delivers a speech in Krasnoyarsk in which he acknowledges the existence of two states in the Korean Peninsula.
Dec. 1988	Foreign Minister Eduard Shevardnadze of the Soviet Union visits North Korea. At a meeting with Vice Premier and Foreign Minister Kim Yong Nam of North Korea, he explains Soviet's South Korea policy.
June 1990	The president of South Korea Roh Tae-Woo and the president of the Soviet Union Gorbachev hold a summit in San Francisco, the first ever.
Sept. 1990	The Soviet Union and the Republic of Korea (South Korea) establish diplomatic relations. <i>Rodong Sinmun</i> (the official organ of the Workers' Party of Korea) carries an editorial denouncing the establishment of diplomatic relations between South Korea and the Soviet Union.
Nov. 1990	The Soviet Union and North Korea enter into a new economic transaction agreement, under which the existing barter trading system is changed into one based on settlement with international currencies.
Dec. 1991	The Soviet Union collapses, and Gorbachev falls from power.
Jan. 1992	President Boris Yeltsin proposes a revision of the USSR-DPRK treaty to North Korea.
Nov. 1992	President Yeltsin visits South Korea and signs the Russo-South Korean basic treaty. At a summit with South Korea that followed, President Yeltsin hints at the repeal or a sweeping revision of the USSR-DPRK treaty. He vows that Russia will not supply offensive arms to North Korea.
Jan. 1993	President Yeltsin formally notifies North Korea of his intention to

- repeal the military assistance clause of the USSR-DPRK treaty.
- June 1994 President Kim Young Sam of South Korea visits Russia. President Yeltsin tells President Kim that Russia has abrogated the USSR-DPRK treaty.
- Sept. 1994 Vice Foreign Minister Aleksandr Panov visits North Korea and agrees with his North Korean counterpart to develop Russo-North Korean relations on the basis of reciprocity, noninterference in the domestic affairs of the other country, and the respect of sovereignty.
- Aug. 1995 The Foreign Ministry of Russia sends to North Korea a draft of a new Russo-DPRK treaty.
- April 1996 Vice Premier Ignachenko and Vice Foreign Minister Aleksandr Panov visit North Korea to discuss trade and economic cooperation between the two countries.
- Sept. 1996 North Korea presents to Russia its own version of a new treaty. Meanwhile, the USSR-DPRK treaty expires.
- June 1997 Vice ministers of foreign affairs of Russia and of North Korea meet in Moscow to discuss a new treaty between the two countries.
- March 1999 Vice Foreign Minister Grigory Karasin visits North Korea to initial the new Russo-DPRK treaty of friendship, good-neighborliness and cooperation.
- Feb. 2000 Foreign Minister Ivanov visits North Korea to formally sign the Russo-DPRK treaty of friendship, good-neighborliness and cooperation with Foreign Minister Paek Nam Un.
- July 2000 President Putin visits North Korea, the first head of the Soviet Union or Russia to do so, and met Kim Jong-Il, chairman of the National Defence Commission of the DPRK. The Federal Assembly of Russia ratifies the Russia-DPRK treaty of friendship, good-neighborliness and cooperation concurrently with Putin's visit to North Korea.

Sources: Data from Hai-Su Youn, "Change in DPRK-Russia Relations, 1989-1999: Before and After Kim Jong-Il," *The Journal of East Asian Affairs*, Vol. 13, No. 2, (Fall/Winter 1999), pp. 434-463; Georgii Bulychev, "Koreiskaya politika Rossii: popytka ckhematizatsii," *Problemy Dal'nego Vostoka*, No. 2, 2000, pp. 5-12; *Diplomaticheskii vestnik*.

South Korea, as well as other neighboring countries.

From the political standpoint, two things may be pointed out with respect to the results Putin has achieved by his visit to North Korea. First, Putin happened to be the only head of state who had personally met North Korean leaders prior to the Okinawa summit, by virtue of which he succeeded in impressing the leaders of the Group of Seven (G-7) with the importance of Russia. Second, he was able to elicit a remark from the North Korean leadership that it would curb missile development. This remark had the effect of

constraining the U.S. NMD program and demonstrating to the international community the importance of the role Russia could play in reducing the threat of North Korea.

Although the Russo-North Korean joint statement declared that the two countries would further promote mutual cooperation in the fields of security, defense and science, their relations are unlikely to improve rapidly. For one thing, given the economic conditions of Russia, its capacity to give meaningful economic aid to North Korea is limited. So their economic relations will not improve much any time soon. As the bulk of weapons North Korea has are Russian made, Russia considers North Korea as a candidate for military technical cooperation. Russia has high hopes for making money from rebuilding factories in North Korea that were built during the Soviet era. For another, resumption of military technical cooperation with North Korea on a large scale could provoke a backlash from South Korea. And North Korea is incapable of funding purchase of a large number of weapons or the rebuilding of its factories any way. Such being the situation, Russia's influence on the Korean problem will remain extremely limited.

(5) Japan-Russia Peace Treaty Negotiations Reach a Difficult Phase

The Japan-Russia summit in Krasnoyarsk in November 1997 agreed that the two countries make every effort to conclude a peace treaty by the end of 2000. The goal was not met.

Since President Putin has committed himself to pursuing a pragmatic foreign policy to accelerate the overcoming of domestic economic difficulties, and as he is supposedly eyeing the economic strength of Japan for that purpose, Russia undoubtedly is interested in developing its relations with Japan. No doubt, Russia realizes that Japan's economic cooperation is essential for achieving its task of developing the industries in Siberia and the Far Eastern region. A case in point is a gigantic energy development project planned in Siberia, which includes the building of a pipeline that would carry

natural gas from the Kovyktinskoye natural gas field in Irkutsk oblast in Siberia to the Yellow Sea coast of China through Mongolia. China and Russia had reached a basic agreement on the pipeline project, but the construction work is yet to start. The greatest stumbling block is the funding requirement, which is expected to amount to approximately \$10 billion, and the financial cooperation of Japan is essential to get the project off the ground.

However, Putin can ill afford to compromise on the question of the Northern Territories to win large-scale economic cooperation from Japan, because he has vowed on repeated occasions to resolutely defend the territorial integrity of Russia. And the military that opposes the return of the Northern Territories is a major power base of Putin. Moreover, the territorial question is a legitimate concern of not only the central government but local authorities concerned. Any arrangement made by the central government with respect to the nation's territory is subject to ratification by the Federal Assembly and approval of the federal constituents concerned. Gov. Igor Farkhutdinov of Sakhalin oblast, who governs the Kuril Islands, is strongly opposed to making any concession on the territorial issue.

It appears that Putin will seek Japan's cooperation in various fields apart from the territorial question while continuing negotiations with Japan about the Northern Territories. During a three-day (September 3–5, 2000) formal visit to Japan, Putin merely agreed to continue negotiating about the Northern Territories and a peace treaty. He signed a total of 16 agreements, protocols and memorandums relating to bilateral trade and economic cooperation. Among them were the supplement protocol to the Japan-Russia agreement on prevention of incidents on and over the high seas concluded in 1993, and documents relating to the security of the two countries — such as the Japan-Russia memorandum on acceleration of cooperation in the field of disarmaments, non-proliferation and support for abandonment of nuclear weapons. Under the cooperation program in the field of trade and economy, for example,

demolition of retired nuclear-powered submarines of Russia's Pacific Fleet and the completion of the construction of facilities for treating liquefied radioactive waste matters are listed among the items of Japan's assistance to Russia's non-proliferation program. Russia is having difficulty in destroying retired nuclear-powered submarines due to a shortage of funds. Japan's offer to actively assist Russia in disposing of this problem will go a long way toward building good relationship between the two countries.

In the area of defense exchange, the two countries agreed to work out an annual exchange program pursuant to the Japan-Russia memorandum on the promotion of exchange of defense officials signed in August 1999. Pursuant to this memorandum, Adm. Kosei Fujita, chief of staff of the Maritime Self-Defense Forces (MSDF), formally visited Moscow and Vladivostok. Mutual visits by vessels of the Russian Navy and the MSDF and bilateral training exercises conducted by them have greatly contributed to building confidence between the two countries. Noteworthy in this connection was the call vessels of the MSDF made at Petropavlovsk-Kamchatskiy. They were the first non-Russian navy vessels to call at the port closed to all foreign vessels. So far, defense exchanges between Japan and Russia have made remarkable progress. A MSDF officer was arrested in September 2000 on suspicion of divulging classified information to a Russian naval attache, an incident casting a shadow on relations between the two countries. Defense exchanges turned brisk again with the visit of Defense Minister Igor Sergeev to Japan in November. At a meeting he had with Defense Minister Kazuo Torashima on November 28, the two countries



Defense Minister Sergeev shaking hands with Defense Minister Kazuo Torashima (Tokyo, November 28, 2000)

agreed to resume defense exchange that had been frozen since the spying incident. At the meeting, Sergeyev announced the policy of the Russian government to reduce its troop strength in Siberia and the Far Eastern Military District by 20 percent.

Russia has been feeling out the possibility of military technical cooperation with Japan. For example, according to the *Krasnaya Zvezda* (Red Star) dated September 16, Klebanov intimated the possibility of military technical cooperation with Japan. In his visit to Japan, President Putin was accompanied by the minister of industry, science and technology who was in charge of the defense industry, and he reportedly touched on the possibility of selling military aircraft (perhaps, fighters like Su-27) to Japan. It appears that Russia is seeking to develop close overall relations with Japan by building a relationship of sharing part of its weapon systems.

4. The Russian Armed Forces in a New Strategic Environment

(1) New Guidelines for Security

Upon assuming office, Putin revised the National Security Concept (the New Security Concept) (on January 10) and the Military Doctrine (on April 21), documents that form the basis of Russia's defense policy.

The former Military Doctrine was adopted in November 1993, and the former National Security Concept in December 1997. The latest revision of these documents reflects changes that have occurred in the strategic environment surrounding Russia due to changes in the international situation since their adoption. These two former documents were based on rather optimistic assumption that threats of direct invasion of Russia had decreased markedly or had practically disappeared.

However, the recent international situation has tended to fan a sense of external threat to Russia. More specifically, the increasing influence of NATO — as demonstrated by its enlargement to the

east, the adoption of a new Strategic Concept (officially known as the Alliance's Strategic Concept), and the bombing campaign against Yugoslavia — and the escalating terrorist activities of Islamic extremists that have triggered the second Chechen conflict (1999–) have alerted the Putin administration to the threat from the west and the south.

At the outset, the New Security Concept presents the view of the Putin administration of the present international situation and divides the world into two mutually excluding forces: forces of Western industrial nations led by the United States that attempt to dominate the world, and forces, including Russia, that attempt to create a multipolar world. The New Concept expresses a strong sense of wariness about the former forces that aim at weakening Russia's positions in the political, economic, military and other spheres, and try to ignore the interests of Russia. It also says that terrorism poses a serious threat to the stability in the world, including Russian Federation. And the new Military Doctrine points out that illegal actions of extremist nationalist, religious, separatist and terrorist movements are external threats to Russia. One point of view common to both revisions is the perception that the military threat to Russia has increased.

As regards Russia's armed forces, the New Security Concept says that due to a slowdown in the restructuring of the military and the defense industries, and insufficient defense spending, the armed forces' operational and combat readiness has fallen to a critically low level. This has led to the weakening of the military security of the Russian Federation, and that the basic task for national security is to revive the country's military potential and maintain it at a sufficient level.

(2) The Chechen Conflict and Reform of the Russian Armed Forces

As the Chechen conflict drags on with no end in sight, it has brought to light a number of problems in the Russian military. The

Russian armed forces are having a hard time in stamping out armed groups of Chechen radicals whose strength is only one-thirtieth of the Russian forces. And this has called the reform of the Russian armed forces into question.

Key members of the staff who personally command field operations in Chechen have serious doubts about the prospect for its eventual success. Col.-Gen. Yurii Bukreev, chief of the Main Department of the Ground Forces, for one, takes the view that due to the lack of advanced intelligence and command and control system, and the low capacity of the stationary ground-target surveillance radar and weapons of optical and electronic reconnaissance, the ground forces could not exploit their weapons superiority in operations against the Chechen guerrillas. As a lesson learned from their experience in Chechnya, he pointed out the necessity to equip the tactical forces with a balanced array of military equipment to enable them to cope with local and regional conflicts. And Col.-Gen. Mikhail Karatuev, Commander of the Missile Forces and Artillery, admitted the seriousness of the situation of his men who were able to accomplish only a quarter of their assigned mission due to the low quality of their weapon systems. He warned that unless military equipment is upgraded and steps are taken to improve the skills of his forces, their combat will decline further, and blamed the decline of their combat capability squarely on the shortages of military spending during the past 10 years.

Such critical assessment was a driving factor behind the military reform advocated by Gen. Anatoliy Kvashnin, chief of the General Staff. He has long been arguing that the government should attach high priority to the renewal and improvement of conventional military strength. And the declining combat capability of the Russian Army, manifested in the Chechen operations, have given added force to the argument of reformers. In April 2000, Kvashnin submitted a military reform plan proposing, among other things, to sharply reduce the strategic missile force. The plan consists of two points: (1) The strategic missile force be cut to one-sixth or one-sev-

enth of the current size and be integrated into the air force by 2003, and (2) the funds saved by the reduction of the strategic missile force be used for modernizing conventional weapons. As regards the strategic missiles, he proposes to cut them to a number below the level prescribed in the START II treaty before 2007, the deadline set forth in the treaty. In a comment he made on Kvashnin's proposal, Defense Minister Sergeyev said that Kvashnin was trying to strengthen conventional military strength at the expense of the strategic missile force, the only service that has combat capability.

Caught in the conflict between Sergeyev and Kvashnin, Putin has said little about his ideas about military reform. Even for Putin, the Chechen conflict was an eyeopener that made him realize the weakened state of Russia's armed forces. Amid such controversy, Putin appointed Kvashnin as a member of the Security Council in June 2000. And this suggests that Putin has taken a position close to that of Kvashnin. As the military reform plan will be discussed at the Security Council, the appointment of Kvashnin as a member is obviously aimed at curbing the influence of Sergeyev. By the same token, Putin on July 25 discharged six key officials of the Defense Ministry, including Col.-Gen. Anatoliy Sitnov, chief of the Department of Procurement and Armaments, who were considered to be faithful allies of Sergeyev. It was thought that the shuffling of these key officials has increased the possibility of adopting at the forthcoming meeting of the Security Council a military reform plan along the lines advocated by Kvashnin.

However, the decision taken by the Security Council at its meeting held on August 11, 2000, on the reform of the Russian armed forces to be completed by 2015 was one quite contrary to expectations. At that meeting, the Security Council decided to (1) retain the strategic missile force as a service until 2006, (2) produce a larger number of *Topol M* (SS-27), the latest version of intercontinental ballistic missile, than proposed by Kvashnin, and (3) phase out the intercontinental ballistic missiles as their service life ex-

pires. As such, the decision of the Security Council amounts to an affirmation of Sergeyev's assertion that attaches importance to the strategic missile force. Commenting on the decision, Putin said that it was necessary to "make a balanced decision, taking into account our economy's real capabilities and the needs of Russia's armed forces, for their further development." Sergei Ivanov, secretary of the Security Council and a confidant of Putin, revealed that the Security Council reviewed the military reform plan in accordance with the principle that no serious damage should be done to a particular military branch, and suggested that the Security Council was considering the direction of the reform.

(3) Reduction of Military Personnel

The fiscal difficulties during the past 10 years had undermined the combat and mobilization readiness of its armed forces, and no less serious was the deterioration of living standards of its military personnel. The fallen living standards have depressed the morale and the fighting capability of its armed forces. Therefore, raising military salaries has become an important concern of the Putin administration. The *Krasnaya Zvezda* (Red Star) dated June 1, 2000, pointed out that salaries of a lieutenant colonel or under were less than the subsistence income (2,274 rubles or about \$81). A four-star general makes 4,502 rubles (about \$161), a mere 1.98 times the subsistence income. As of 1990, the ratio of military salaries to the subsistence income was three times for lieutenant colonels and those under them and 6.7 times for a four-star general. This serves to show how sharply the living standards of military personnel have deteriorated during the past 10 years.

The present situation — not enough funds have been appropriated to the renewal of military equipment and the salaries paid to personnel are not adequate to support their subsistence — suggests that the present scale of Russia's armed forces can not be sustained by its present economic strength. As Putin argued, personnel reductions and the creation of a smaller, fully professional army will

tackle declining living standards and low morale in the armed forces. Although Putin's plan for reducing military personnel met with opposition from some of the top brass, the Security Council formally decided at its meeting held on November 9, 2000, to cut its armed forces by approximately 600,000 troops over the next five years. Members of paramilitary units (the interior troops, Border Guards and Federal Railway Police) and civilian personnel of these paramilitary units were subject to the cut, and these units have put up strong opposition to the plan. If the reduction is carried out as planned, the government would have to provide approximately 120,000 discharged personnel who do not have homes to move to with housing units, and this would be a heavy drain upon the government's financial resources. Putin, who wants to maintain a good relationship with the military for the sake of the stability of his administration, will have to approach gingerly the question of cutting troops.

(4) The Policy for Rebuilding the Navy

Early in 2000, the Putin administration came up with a policy for rebuilding the Russian Navy. While proposing a cut in the number of intercontinental ballistic missiles (ICBM) and downsizing the Strategic Missile Force, Russia's dependence on submarine-launched ballistic missiles (SLBM) is likely to increase. This idea seems to be at work behind the move Russia is making to rebuild its navy.

Its plan for rebuilding the navy is outlined in "The Basis of Policy of the Russian Federation in Naval Activities during the Period until 2010" (Basis of the Navy Policy) that was approved by Putin in March 2000. This document was drawn at a time when the basic documents of Russia's defense policy (National Security Concept and Military Doctrine) were being revised. It fleshes out — and elaborates on — the provisions of these documents in connection with the navy. This document relating to the navy was the first one that was approved by a presidential decree, and the navy head-

quarters is believed to have vigorously lobbied the military and political leadership for the adoption of its plan. The Basis of the Navy Policy is based on the belief that the national interest of Russia is not confined to its coastal waters but extends to the world's ocean. It lists as its navy's major policy objectives the realization and protection of Russia's national interests in the high seas of the world, the maintenance of Russia's position as a global sea power, and the development and effective utilization of its naval strength. Having said that, the Basis of the Navy Policy points out that Russia will deploy its naval vessels across the oceans even in peacetime.

Adm. Vladimir Kuroyedov, commander in chief of the navy, said that on the Basis of the Navy Policy that the peacetime duty of the Russian navy is to achieve political, economic and military objectives, and demonstrate and employ, where necessary, the naval power in the Arctic Ocean, the North Atlantic Sea, the Baltic Sea, the Black Sea and the northwestern part of the Pacific Ocean. These are the sea areas in which the Soviet Navy was active in the Cold War years, and the remarks of Admiral Kuroyedov are an indication of Russia's ambition to re-establish its naval presence. In fact, Adm. Viktor Kravchenko said that the new strategy of the Russian Navy is to restore Russian presence in all politically important sea areas, including the Mediterranean Sea, and that Russia plans to regularly deploy naval vessels, including cruisers, in these areas in 2000.

The naval exercise it conducted in mid-2000 was an attempt to project the power of the Russian Navy, though it was marred by the accidental sinking of the *Kursk*, an *Oscar II*-class nuclear-powered cruise missile submarine (SSGN). Conducted under the direction of Adm. Vyacheslav Popov, commander of the Northern Fleet, the four-day (Aug. 10–13, 2000) exercise was designed to train members of the fleet in missile and battery firing, anti-submarine operations and ballistic missile firing. This exercise was conducted on a large scale involving more than 30 warships, 10 coastal defense units, units of naval aviation and air force. The aircraft carri-

er *Admiral Kuznetsov*, nuclear-powered missile cruiser *Petr Velikiy*, missile cruiser *Marshal Ustinov* and other large warships that belong to the Northern Fleet participated in the exercise.

The sinking of the top-of-the-line nuclear-powered missile submarine *Kursk* while participating in an exercise the Russian Navy undertook with the approval of President Putin dealt a serious blow to its prestige. Due to severe fiscal constraints that had developed after the collapse of the Soviet Union, the Russian Navy had to allocate its budget selectively to developing small vessels and new types of attack submarines. In such circumstances, the impact the loss of the *Kursk* had on its prestige was devastating.

(5) The Aftermath of the Sinking of the *Kursk*

Evidently, the sinking of the *Kursk* on August 12, 2000, and the confusion and bungling that followed in its rescue operations have done serious damage to the credibility of the Russian Navy. Some predict that its sinking and the mishandling of its rescue would have a negative impact on the appropriation of funds to, and the political clout of the military, notably that of the navy, in coming years.

However, the armed forces have not received a damaging blow on account of the incident at least until the end of 2000. For one thing, President Putin has been committed to rebuilding the military, more particularly, the conventional capability, in the belief that the external threat to Russia has increased. In an address delivered on the Day of Defenders of the Fatherland (formerly known as the Day of the Soviet Army and Navy) in February 2000, Putin stated that “the military power of today.... it is one of the most important guarantees of peace,” and declared that “I am absolutely confident that we, along with you, will restore without fail the prestige of the armed forces.” As we noted earlier, Putin had committed himself to rebuilding the navy. Therefore, it is fair to say that the Russian Navy has the support of President Putin in its effort to restore its prestige as a naval power.

COLUMN**The *Kursk* Disaster**

On August 12, 2000, the *Kursk*, an *Oscar II*-class nuclear-powered cruise missile submarine (SSGN), sank in the Barents Sea during an exercise of the Russian Northern Fleet. The Russian Navy carried out rescue operations with the cooperation of the navies of Norway and the United Kingdom, but to no avail. And the Defense Ministry of the Russian Federation confirmed on August 23 the death of the entire crew (118 members) of the *Kursk*. In terms of fatalities, the accident was the worst in the history of the Soviet and Russian Navy.

As regards the cause of the sinking, the dominant view among Western experts is an internal explosion, but the Russian military maintains that it was caused by a collision with an underwater object. *Oscar-II* SSGNs have double configuration, and their pressure hull is separated from the outer hull by about 4 meters, and experts think that the impact of a collision against the outer hull is unlikely to reach the pressure hull. Even if it is assumed that the *Kursk* had hit something, it is improbable that the *Kursk* would have been disabled at a blow. As if to confirm the view of an internal explosion, a Norwegian seismic center, the NORSAR announced that explosions had occurred twice at an estimated location where the *Kursk* had sunk. However, the accident investigation committee of the Russian government concluded that there was a strong possibility that the *Kursk* had collided with an unidentified vessel.

According to the Press Service of the Russian Navy, the SSGNs have a surfaced displacement of 12,500 tons and a submerged displacement of 22,500 tons. Measuring 144 meters-long, they are the largest nuclear attack submarines in the world. Their primary mission is to attack surface ships, particularly, carriers, and are equipped with 24 SS-N-19 cruise missiles that carry nuclear or conventional warheads (and have a speed of mach 2.5 and a range of 500 kilometers). The Russian Navy has built *Oscar II*-class SSGNs, and deployed four of them including the *Kursk* in the Northern Fleet and another four in the Pacific Fleet. The *Kursk*, commissioned in January 1995, was the latest *Oscar II*-class SSGN assigned to the Northern Fleet.

Such being the situation, the *Kursk* disaster has served to turn President Putin around in favor of stepping up efforts to rebuild the military, rather than taking a dim view of it. The attitude he has taken after the incident suggests this. In a RTR TV interview on August 23, he said that “the armed forces has to be compact, but up-to-date, and need to be well paid. We must not admit the collapse of the defense capability, we must execute the law on social

security of servicemen.” And an increase in defense spending seems to have the support not only of the Federal Assembly but the general population. In an opinion poll held toward the end of August, 49 percent of the respondents said “yes” to a question “Do you think it is necessary to have strong armed forces even if Russia did not have enough money to support it?” In a similar poll conducted in 1996, only 29 percent of the respondents said “yes.” This means that those who are in favor of building strong armed forces have increased 20 percent in four years.

The *Kursk* tragedy has made the nation keenly aware of the necessity to rebuild the military. However, it is difficult to increase defense spending unless Russia sharply turns around its economy. On August 18, Aleksey Kudrin, deputy prime minister and finance minister, announced that defense budget for fiscal 2001 (January–December 2001) will be increased to about 206.3 billion rubles or up from 2.39 percent of gross domestic product (GDP) in fiscal 2000 to 2.66 percent in nominal terms. Adjusted for inflation that is expected to rise 12 percent in 2001, but the purchasing power of this amount will not be effective. Fatherland-All Russia and other groups in the Federal Assembly that take the view that the *Kursk* accident symbolizes the sad state of the Russian armed forces, argue that the defense budget should be increased at least to 3 percent of GDP. In the end, Kudrin announced on August 24 that an additional fund will be allocated to the defense budget. This suggests that although the government is aware of the necessity to rebuild the armed forces, it is difficult to make a dramatic improvement due to fiscal constraints.

(6) The Question of Strengthening the Defense Industries

President Putin realizes that maintaining and strengthening the defense industries is the basis of national security. The production of the defense industry in 1999 increased 30 percent over the year before. At the All-Russian Conference of Workers of Defence-Industrial Complex held in Nidzenii Novgorod on March 31, 2000,

Putin acknowledged that Russia's war industry was lagging behind other countries in the field of information processing while praising the increase in production of the defense industry. He acknowledged that most of the companies of the defense industry lacked the capability of adequately functioning in the market economy. And he stressed the need to channel the limited funds selectively to companies that have strategic significance for the national security.

When he formed the first Cabinet of his administration, he established newly an Industry, Science and Technology Ministry that has jurisdiction over the defense industry and appointed as its Minister Aleksandr Dondukov, president of Russia's leading aircraft manufacturing company. Prime Minister Mikhail Kasyanov said that the new ministry will take charge of the development of military technology, the government's procurement of weapons and export of Russian-made arms.