

Putin's bluff

Russia's economic problems leave it with no alternative but to accept US plans for a missile defence system, says Padma Desai

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Many US security specialists thought Vladimir Putin would use Saturday's summit with George W. Bush to air his outright rejection of US plans to develop a national missile defence. They were surprised when it did not happen. But they have only themselves to blame: if they had not lost sight of Russia's plight, they would have predicted the mildness of Mr Putin's disapproval long ago.

The Russian bear is trapped between a failing economy and pressing defence needs on the non-nuclear front. Russia's president has little choice other than to accept NMD, even if he tries to secure some concessions along the way.

Mr Putin's post-summit threat to push ahead with deployment of multiple nuclear warheads in response to a unilateral US decision on NMD is therefore little more than noise and cheap bargaining. Mr Bush has the bear over a barrel.

The failure of US security analysts to recognise the importance of economic factors in undermining Mr Putin's opposition to NMD is particularly puzzling when one considers that the Bush administration is front-loaded with many veterans of Ronald Reagan's "bust- their-budget" war against the "evil empire". They believe, not implausibly, that Mikhail Gorbachev was pushed - even if willingly - into the dissolution of the Soviet Union and into glasnost and perestroika because the failing Soviet economy was incapable of sustaining an enhanced arms race.

Drawing a parallel between the economic circumstances of Mr Gorbachev's Soviet Union and Mr Putin's Russia is hard to resist. As it did a decade and a half ago, Russia suffers from severe economic stress. It is true that the growth rate was 8 per cent last year - but it is expected to fall to half that in 2001. Few of the reforms needed to attract foreign investment are in place and infrastructure is crumbling. The country's economic transition is deeply troubled.

As if that were not enough, Russia's dependence on foreign assistance continues to be acute, a fact that is not helped by the US's Republican administration, which is reluctant to give Moscow a "free ride". The 1998 Cox Commission of the Congress, dominated by Republicans, viscerally denounced the Clinton-Gore approach of ready financial support as naive and wrong. Realpolitik, rather than active engagement and *quid pro quo* generosity, is likely to be the new order of the day.

A close look at the Russian budget is also revealing. The budget is at last expected to be in balance this year. But this good news reflects the massive increase in oil revenues because of high oil prices and that is unlikely to last. Government expenditure in 2001 is planned at \$42bn; one out of every four roubles - rising to one out of three by 2003 - is earmarked for debt repayment. By contrast, only a paltry \$5bn is allocated for defence. If defence expenditures are re-evaluated at purchasing power parity - a dubious procedure in itself - they rise but are still tiny compared with US defence spending at \$330bn.

Worse for Russia, priorities within this small defence budget have shifted to reflect the country's growing concerns about neighbours such as Tajikistan and Georgia to the south - partly a consequence of the costly mistakes in Chechnya. After a prolonged internal debate in which Igor Sergeev, the former defence minister, argued for renovation of Russia's nuclear capabilities while Anatoly Kvashnin, the current joint chief of staff, fought for building conventional forces, Mr Kvashnin gained the upper hand.

There is no doubt that Mr Putin must dread the prospect of NMD eventually destroying the utility of Russia's nuclear stockpiles and turning the US into a hyperpower with first-strike capability without fear of retaliation. But the Russian leader has no alternative. After all, he needs US financial support; his budget cannot possibly find the necessary resources to begin a nuclear arms race; and his immediate defence needs are focused on the country's difficult neighbours.

Mr Putin cannot even threaten nuclear proliferation because such a tactic could backfire through the actions of some Islamic states on Russia's periphery. To assuage Russia, the Bush administration has suggested buying surface-to-air missiles for possible deployment in Europe. It may even buy transport planes and submarines, which Russians produce well - as we know from the use of the Russian transport plane to bring the disassembled US spy plane back from China. An economically crippled Russia, with her conventional defence needs, cannot but look favourably on these sweeteners.

If NMD is to be stopped, the onus will not be carried by Russia. Instead, it will fall on the Europeans, as well as by the Democrats and others within the US itself. The war over NMD will be fought not in Moscow but within the west.

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