

# What are the internal security threats to russia politics essay



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What is the nature and significance of the security threats posed to Russia by internal factors? The biggest internal factor that threatens Russian security is the economic instability that the state is suffering from. By looking at the economic problems that Russia is facing we can begin to understand the other internal factors that have an impact on security, such as organised crime which without economic instability would be unable to flourish. In order to understand the nature and significance of the threat that economic instability poses to Russia; I am going to look at Russia's recent economic history, and analyse the changes that various leaders have implemented, Judge their effectiveness and comment on the effects that they have had (intended or otherwise). I am also going to compare Russia's economy to that of several other states and look at what makes Russia's case unique and how Russia could go about tackling the problems that it is facing with its economy.

Russia's recent economic instability started when it was privatised. Russian privatization was the reform consisting in privatization of state-owned industrial assets that took place in Russia in the 1990s, during the presidency of Boris Yeltsin, immediately after the collapse of the Soviet Union, where private ownership of enterprises had been illegal for a long time. The privatization enabled Russia to shift from the deteriorating Soviet planned economy towards market economy, but as a result a good deal of the national wealth fell into the hands of a relatively small group of so-called business oligarchs (tycoons), and the wealth gap increased dramatically. Many non-industrial assets, most notably, most of the social welfare and telecommunications, as well as strategic industrial assets,

including much of the Russian military industry, were not privatized during the 1990s. The privatization of the 1990s is still a highly contentious and polarizing issue in the Russian society, stirring up strong sentiments among the population, including the widespread negative attitude towards Anatoly Chubais, one of the most instrumental figures of the reform, and even calls for its revision.

When Russia made the move from a centrally planned economy to a free market it underwent a great deal of stress. The fiscal measures introduced with the aim of raising government revenue actually had the effect of causing the serious financial crisis that Russia faced in 1998. Combined with this was the world drop in energy prices and a loss of confidence from foreign investors, these three factors meant that Russia faced serious problems. First Russia saw its currency the Ruble decline in value very quickly, this led to a further withdrawal of foreign investment which in turn delayed Russia's payments on its sovereign and private debts. It seemed that hyper inflation loomed. In 1999 Yeltsin resigned from the Russian presidency and Putin became acting president. His position was quickly confirmed as permanent when he won the election in 2000 he quickly implemented measures designed to bring Russia's economy back from the brink. Putin's time in power coincided with a rise in world energy prices allowing him to make large advance payments on Russia's debts and make significant progress in Russia's economic recovery. Industry increased by seventy five percent and investment increased by one hundred and twenty five percent during Putin's eight years in power.

During his time in power Putin had to contend with the threats to Russia's security that the economic crisis had brought about or intensified. Economic instability was the biggest threat that Putin faced, Russia had undergone privatization the freeing of prices and the legislation of market and trade but it did not have the strong legal safeguards that are required for a free market economy For example private property laws, and provision for illegal money laundering. Also Russia found its newly privatised companies concentrated in the hands of a relatively small group of people. This meant that Russian people lost faith in the ability of the government to defend their rights. The fact that the Weakness of the Russian state prevents the market economy from developing on a sound basis. So the State needs to be strong enough to protect the rights of business and the individual allowing it to enforce contracts, maintain competition and offset the imperfections of the market.

One of the steps that Russia is struggling to take is addressing the legal implications of a free market. Lack of legislation and, where there is legislation, lack of proper legal enforcement is a major problem in many areas of economic activity. During 2000 and 2001, changes were made within government administration that increased the power of the central government to force different regional governments to enforce a standard set of business laws. Progress has also been made on reforming the pension sector and Russia's electricity sector has also been the subject of significant reforms. Nonetheless, taxation and business regulations are unpredictable, and the legal enforcement of any private business agreements is still weak. Mindsets still remain from the time of Soviet rule and they will take many

years to overcome. Government intervention regarding businesses has often been arbitrary and inconsistent. Crime has had a major impact on the economy increasing costs for both local and foreign businesses. On the other hand, more businesses in Russia are increasingly turning to the courts to resolve disputes. The government passed an improved bankruptcy code in January 1998 this was one of the first steps towards stabilising Russia's new free market economy. In 2001, the Russian Governments passed new laws that implemented positive changes within the business and investment. The government in Russia continued to pass new legislation throughout 2002. These changes culminated with the passing of a new corporate tax code that made business tax brackets easier to understand and harder to avoid.

By dealing with these problems Putin bought stability not only to Russia's economy but also to its borders. Whilst its economy was unstable Russia could not effectively defend itself and for a nation with one of the largest land borders on earth this constitutes a major security risk. A stable economy allows Russia to move away from its traditional conscript army and begin to construct a smaller but better funded professional army. To this end, Putin announced that the Russian officer corps would be halved and the new smaller corps would have its budget and therefore salaries doubled. By doing this Putin is adding prestige to a career in the officer corps, making it far more attractive to the middle classes of Russia. With an officer Corp made up from the university educated middle classes the military will not only have more competent field level leadership but will also begin to lose its image of a last resort for the dregs of Russian society.

Putin's strategy directly combats another issue that arises from economic instability, Crime; When Russia made the transition from a centrally planned economy to a free market economy there was an opportunity for organised crime to gain a foothold in the newly emerging system. With no legislation to check corruption organised crime groups quickly became majority shareholders in Russia's newly privatised businesses. This meant that large parts of the Russian economy were controlled by the Russian Mafia. Crime is a major threat to internal security in Russia with newly formed crude markets being easily controlled the Russian mafia is now a firmly entrenched part of Russian society. Putin has attempted to deal with this by increasing the effectiveness of the FSB and attempting to make careers in law enforcement seem more attractive to the young men of Russia. While the mafia controls such large areas of the Russian economy it is difficult for Russia to make any serious progress towards dealing with the security issues it has as that would involve uprooting the mafia. There has been allegations that Russia's leaders have close links with the Mafia and that would explain the lack of any serious attempt to tackle the problem. However as long as such high crime levels remain it's going to be nigh on impossible to deal with economic security issues.

After the fall of the Soviet Union, Russia consulted with the IMF and the United States about the best way to move from a centrally planned economy to a free market. The advice they received was to subject their economy to "Shock Therapy" in order to produce fast results. The Russians planned to modernise their economy in much the same way as they had industrialised (Stalin's five year plans). The aim was to avoid the years of development it

had taken the western countries to build up a free market and just jump straight in. The economy of Russia was forcibly pushed into this new idea and obviously there were problems. Comparing Russia's economy to that of the United States we can see that the USA slowly built its economy from the ground up, the industries and therefore the economy was allowed to develop naturally with very little government intervention. As such the laws that are required to govern a free market economy also devolved over time with congress passing laws to reinforce a sense of protected private property and a strong sense of protected legal business agreements. In contrast Russia attempted to produce hundreds of year's worth of legal development in just a few months. As a result Russia experienced more than teething problems.

However in recent years Russians economy has begun to adapt to the free market with Russian firms beginning to compete internationally in industries other than energy. This has reduced the security problems caused by an unstable economy with unemployment falling and average wages increasing several times over since the turn of the century. With the free market beginning to prove effective in Russia peoples standards of living are improving and as such Russia is becoming a more desirable place to live.

This deals with another problem that threatens Russia's security, Population, Russia's population has been falling for the last ten years due to a variety of factors. Ill healthcare is one them and it's a hallmark left over from the soviet era. When the UK and United States were investing in the welfare state and health care the USSR was pouring its money into the military and as such its healthcare was left lagging behind. Because of this the life expectancy of the average Russian is around the fifty years mark some thirty years lower than

western countries. Also many Russians live abroad and these are among the most intelligent and wealthiest Russian nationals, which clearly is detrimental to the Russian state. By improving the standard of living and the business opportunities available in Russia the government hopes to entice these Russians in to returning to Russia.

Russia is also threatened internally by civil unrest especially from Chechnya. This often leads to acts of terrorism that disrupt security in Russia and threaten its infrastructure. Civil unrest takes up time and money that Russia needs to spend elsewhere and as such prevents quick economic growth in Russia. Putin made has made moves to counter this with his funding of the FSB and dedication to national security campaign.

Following the recent economic downturn Russia's economy appears to have weathered it very well Arms sales have increased to the point where Russia is second (with 0.6 the amount of US arms sale) in the world in sale of weapons, the IT industry has recorded a record year of growth concentrating on high end niches like algorithm design and microelectronics, while leaving the lesser end work to India and China; Russia is now the world's third biggest destination for outsourcing software behind India and China. The space launch industry is now the world's second largest behind the European Ariane 5 and nuclear power plant companies are going from strength to strength, selling plants to China and India, and recently signed a joint venture with Toshiba to develop cutting edge power plants.

The civilian aerospace industry has developed the Sukhoi Superjet, as well as the upcoming MS 21 project to compete with Boeing and Airbus.



However The recent global economic downturn did result in three major shocks to Russia's long-term economic growth, though. Oil prices dropped from \$140 per barrel to \$40 per barrel, a decrease in access to financing with an increase in sovereign and corporate bond spreads, and the reversal of capital flows from \$80 billion of in-flows to \$130 billion of out-flows have all served to crush fledging Russian economic growth. In January 2009, industrial production was down almost 16% year to year, fixed capital investment was down 15.5% year to year, and GDP had shrunk 9% year to year. However, in the second quarter the GDP rose by 7.5 percent on a quarterly basis indicating the beginning of economic recovery.

Looking at everything that threatens Russia internally it's clear that it's the economy that is the root of the problems. With Russia's economy going from strength to strength other problems such as the population and Crime are beginning to become less of an issue. To conclude I would say the nature of the internal threat to Russia is based in its economy but that the significance of such a threat has decreased very much in recent years to the point where Russia's economy is stable and the threat that was once posed by instability has passed.