

## Interim Report – Summary\*

### **Section 1: Democratization and non-democratization during the second Putin administration**

This section clearly articulates the characteristics and problems of the second Putin administration's domestic policies by examining the administration's approval rating, the views of Putin himself on democracy, restrictions on public gatherings and demonstrations, and restrictions on non-profit organizations engaged in political activities with foreign funding. Although Putin's approval rating has been declining, there are no powerful rivals posing a threat to him, so the administration appears to be stable for the time being. Putin's policies and political methods are frequently criticized as non-democratic or oppressive, but these cannot necessarily be considered to be directed at opposition forces as enemies or aimed at restricting gatherings and demonstrations per se. Instead, what characterizes Putin (and his policies) is his emphasis on maintaining the rule of law, and this should be seen as a strong warning against foreign interference in domestic affairs via involvement in the competition among political forces within Russia.

### **Section 2: United Russia and its current single-party predominance, with a focus on election results at the central and local levels**

The tough battle that the ruling party United Russia faced in the December 2011 lower house elections as well as the demonstrations that arose in Moscow and elsewhere left the impression that the administration had lost some of its "centripetal force." However, judging from the facts that (1) United Russia enjoyed overwhelming electoral strength for only a short period, from late 2007 to early 2008, (2) United Russia gained fewer electoral votes between 2004 to 2006 than in 2011, and (3) United Russia's power waned from 2010 to 2011, but this downtrend was halted at least temporarily with the October 2012 nationwide local elections, it can be said that United Russia's ascendancy remains intact for the moment, and that the decline in its "centripetal force" will not directly lead to a crisis for the administration. On the other hand, it would be hard to say that United Russia has managed to gauge public discontent, and attention should be paid to elements of instability within the party, including its failure to adequately cultivate executives (political elites).

### **Section 3: Transformation in central-local government relations from the perspective of revived elections for heads of federal constituent entities**

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\* This summary was prepared by the JIIA Study Group on Russia, which is solely responsible for its content.

Given Russia's vast territory, its ethnically diverse population and its asymmetrical administrative divisions, central-local government relations are an important aspect in analyzing Russian politics. Elections for regional heads, abolished under Putin's first administration, were revived in October 2012. Following the abolition of these elections in the mid-2000s, a vertical power structure was erected between the central and local levels to rectify overly devolved central-local relations. For a time, success was achieved toward the administration's objective of implementing consistent policies throughout the Federation and ensuring compliance with the law. Thereafter, however, local socioeconomic development needs prompted growing demands from residents that became difficult to address solely through centrally-administered schemes. The need for local heads able to faithfully execute the policies of the federal government as well as gauge the views of residents was recognized, leading to the recent revival of elections for regional heads.

#### **Section 4: The new Putin administration's economic policies**

The basic economic policy guidelines set forth by Putin, who returned to the presidency in May 2012, are summarized in this section, using clues found in the papers Putin released during the presidential campaign, the presidential directive signed on the same day as the presidential inaugural ceremony, and the texts of other government programs. Putin's economic policies, the main pillar of which is active government investment in key industrial sectors, can be classified as a type of reindustrialization policy. This reindustrialization policy and the large-scale projects it entails do not necessarily satisfy public expectations, though, and they appear above all to be off the mark in addressing the interests of the metropolitan middle class taking part in street demonstrations. Even as demand prospects for Russian resources remain unclear, there lurks the question of whether the funds needed for large-scale government investment can be secured. Russia is seeking to strike a delicate balance in implementing its economic policies, striving to move away from resources (reindustrialization) even as it relies on resources.

#### **Section 5: The complementarity of an informal safety net as a pseudo-social policy: an empirical analysis of personal subsidiary husbandry in Russia's rural areas**

Russia's formal safety net for the poor, especially the rural poor, does not function adequately, and many impoverished households have fallen through the cracks. Complementing the dysfunctional formal safety net in Russia's rural areas is an informal safety net typified by personal subsidiary husbandry. Almost all of the agricultural produce from personal subsidiary husbandry is self-consumed by the rural households, and it can be confirmed that this plays an important role particularly in poor households as a buffer to

lessen the impact of income insufficiencies. Traceable back to the Soviet era, personal subsidiary husbandry has not yet disappeared twenty years after the transition to a market economy got underway. Instead, the Russian government has encouraged informal economic activity through personal subsidiary husbandry and worked to stabilize them as a system in a quasi-social policy toward the rural poor who cannot be fully supported by the formal safety net.

### **Section 6: Russia's WTO accession and the impact on its foreign economic policy**

In August 2012 Russia achieved accession to the WTO. While working toward WTO accession, Russia had also been endeavoring to establish a tariff alliance with Belarus and Kazakhstan and a CIS free trade agreement, as well as pursuing regional economic integration centered on Russia within the CIS framework. Now that Russia has achieved WTO accession, it will likely be under pressure to make certain changes to these systems. This section first spells out the principal conditions for Russia's WTO accession and then presents an overview of the existing regime for the tariff alliance among Russia, Belarus, and Kazakhstan. It then examines the possibility of new participation in the tariff alliance by Kyrgyzstan, Ukraine, and Tajikistan, and puts into perspective the future of regional economic integration within the CIS now being advanced by Russia.

### **Section 7: Russia's energy policy: petroleum, natural gas, nuclear power, the environment and energy conservation**

The basic principle underlying resource-rich Russia's foreign energy policy is avoiding excessive dependence on specific energy sources while abiding by the APEC St. Petersburg Declaration in diversifying energy supply systems and improving energy use efficiency (energy conservation). To maintain its presence in the energy sector on the international stage, Russia must pursue the energy-saving approaches advocated by the Declaration and employ petroleum, natural gas, the environment (greenhouse gas emissions rights) and nuclear power as "weapons." This section will examine the present status of each of these four "weapons" and describe their medium-term prospects.

### **Section 8: The second Putin administration's foreign/security policy, with a focus on China and polar issues**

In recent years, Russia's strategic interest has been shifting away from Europe and the US and toward Asia. Behind this shift are the fact that resources are being increasingly exported beyond economically-stagnant Europe to rapidly-growing Asian countries, and the fact that Russia has come to focus greater attention on how to deal strategically with a rising

China. With regard to the latter in particular, it has been noted that Russia has become increasingly concerned about China despite official China-Russia relations being at their closest ever. This can be discerned from the major impact that the “China factor” continues to have on Russia’s security policy, and from the Russian government’s repeated calls on Japan to cooperate in security affairs (particularly maritime security). Greater cooperation in security affairs in addition to conventional economic and resource cooperation could be expected to enhance the strategic significance of Japan-Russia relations.

### **Section 9: Russia’s Asia-Pacific integration and Japan-Russia relations**

Russia has been intensifying its Asia-Pacific policy in recent years, participating in international economic cooperation regimes, earnestly pursuing Far East development, and improving administrative systems. Economically, however, it has not made sufficient progress in integrating with the Asia-Pacific region. Russia established closer relations with China in the 2000s, but has also become wary of China. The second Putin administration is emphasizing relations with Japan to rectify the partiality toward China in political and economic relations and to restrain China. Although there does not seem to be any willingness on Russia’s part to compromise on the Northern Territories issue, it should not go unnoticed that Russia has been seeking to resolve this issue in some way or another and improve/strengthen relations with Japan. The question now is how Japan will respond to Russia’s message.