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2. US Department of State Foreign Press Center Briefing:
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#1

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RUSSIA AT A CROSSROADS

Grigory YAVLINSKY's Lecture

On the Future of Russia and Its Economy

Delivered in Oslo at the Invitation of the Nobel Committee

Pondering Russia's future is a no easy task. But it is a
no easier task to deliberate on what is happening in Russia
today and even what has already happened in Russia - as I see
it, the joke that says that Russia is a country of
unpredictable past, is quite close to reality.

It is exceptionally hard to describe the basic problems
and processes in Russia, within the confines of one public
speech.

Therefore, everything written below is but theses and each of
them is worthy of very detailed discussion.

'Reforms From Above' Again?

We will comprehend what has happened in Russia in the past
ten years only if we answer the key question of how come that
the reforms in Poland, Czechia, Hungary and many other
countries of Eastern Europe have proved to be successful, and
those in Russia have failed.

My answer is this: in 1989-91, these countries lived
through democratic revolutions that entailed a change of not

only the power systems, but also of the ruling elites. In Russia, everything was different: our country lived through a nomenklatura thermidor that brought to power people from among the CPSU Central Committee, its Politburo and the secret services. They simply changed their guise, and started speaking of reforms, democracy and market, instead of Lenin, communism and socialism...

Understandably, the global community that hoped for democratic transformations in Russia was worried. To lay a smokescreen, the nomenklatura then hired a large group of young and talented specialists who were seen as democrats and reformists by the Western political elite and public. Having laid this smokescreen for the West, the Russian old-new nomenklatura obtained close to 50 billion dollars from it by way of credits and loans in the past ten years.

So what do we have as a result of these ten years? Having introduced separate elements of a market economy, the Russian nomenklatura became a criminal oligarchy.

They established an absolutely non-transparent regime that allowed a narrow circle of individuals to use their power to distribute property by methods of protectionism and unfair competition, and to get even more power with the help of thus obtained property. This reminds me of Karl Marx with his formula of 'money-commodity-big money.' But in Russia, the formula was different: 'power-property-big power.' This is what we had in Russia at the end of president Yeltsin's term in office.

The changes in Russia in the past ten years have taught the whole world a lesson of exceptional importance. The lesson is:

capitalism not restricted by the law, independent judiciary, activities of political parties and trade unions, civil society structures, the country's traditions and simply social activity of citizens, becomes a wild animal. In his known book 'Open Society and Its Enemies,' Karl R. Popper names two enemies of open society: fascism and communism. Russia's experience is indicative of the existence of one more enemy: the absence of a civil society, law and faith (Russia is known to be largely an atheistic country).

What has happened in our country in the past few years is not a revolution; it is a reconstruction of the previous regime, 'perestroika,' to quote Mikhail Gorbachev. Having changed the rules of the game, the previous individuals revived the previous order, leaving the root of evil where it had been. It happened not because the people in power wanted to preserve the status quo. The reason is deeper than that: both Gorbachev and Yeltsin with his 'young reformers' were sincere about trying to improve the state of things in our country. But their life experience, mentality and visions of life had been borrowed from the Soviet past. This is why they tackled each task they encountered in the way by wrong means, and such mistakes accumulated day in, day out, year in, year out...

Why? Simply, those were reforms from above. I know that reforms in Russia have always been effected that way. But it

means that the result will be as it has always been: we are in for protracted and painful transformations.

How come the Russian presidential elections were held as they were and how come Vladimir Putin was the one to get elected?

Simply, in the ten years we had two wars, one shelling of parliament, two defaults (one of them crushing) and one hyperinflation of 2,500% in 1992. The above was done in the name of democratic power and a democratically elected president. Is it surprising that people effectively would not heed democratic ideas and slogans? People cannot be requested to analyze events in-depth and appreciate that eight premiers were changed in that time, each of whom was either a former ranking communist functionary or a KGB officer (with the notable exception of a former Young Communist League leader). People do not want to think of it, but after ten such years they feel awfully humiliated. And it is very hard to bring it home to them that the one to blame is not the USA, not NATO or global Zionism, but our own political elite.

Five Specificities of Russia's Economy

What we see today is economic growth, but it is easy to explain. The parameters are rather good (or rather not as bad as one could expect), but not because people have started working better. The reason is high oil prices in combination with the devaluation of the national currency by three-quarters after the default and broader substitution of imports in the domestic markets. This kind of economic growth can be neither protracted nor stable. The reason is not that oil prices are apt to fall - rapidly and unexpectedly. The reason is in the fundamental specificities of the Russian economy that have gained ground in the past five years.

What are these specificities?

One: the crying gap between the current legislation and the economic reality. Incidentally, the gap is so wide that nobody is even trying to bridge the two realities.

Two: the government, the regional and local authorities and businesses are widely using criminal instruments in their interrelationship. Thus, insolent force, often in the form of the law-enforcers' 'skull-crushing truncheon,' administrative fiat and even the purely criminal pressure are used to tackle economic problems much wider than the law or competition.

Three: the main flows of financial and mineral resources in the country are controlled by small groups with parochial interests, rather than society.

Four: a minimum of trust in business (if not all-out mistrust).

And five: no strategic planning - people prefer not to look into the future, even a year ahead.

As to the main problems of the Russian economy, they are the shadow economy and corruption, of course. Let me cite one figure only: according to official data, the shadow economy in the country accounts for 40%. Since those who present such

figures are part of the shadow economy themselves, the realistic figure is presumably even higher. This makes senseless all talk of a growth of the GDP and industrial production, the rate of inflation, etc.: if a half of the economy is in the shadow, what is there to know of such an economy? Incidentally, when they ask me abroad about corruption, I have to say that Russian oligarchs do not keep their money in North Korea, Iraq or Cuba. They keep their money in New York, Paris, Switzerland, etc., and everybody knows about their accounts. So I tell Western representatives: let's investigate the case from two directions...

To summarize, I want to say there are two types of countries. There are countries that are oriented to human resources and build up on their basis - South Korea and many European countries, for example. And there are countries, e.g. Russia, whose economies are based on the practically inexhaustible natural resources. These countries have to pursue a different strategy of economic transformations.

The countries of the first type have the Number 1 objective of pursuing a tough financial policy and macroeconomic stabilization: this policy generates a strong motivation for the people and produces very good results relatively fast.

The countries of the second type, those that have nearly limitless resources, should pursue institutional reforms as their main objective. Why? Simply, these countries are known to have exceptionally beneficial conditions for corruption. Such countries may have governments that are not interested in any reforms at all - why should they be, when they can draw resources literally from under their feet? Limitless mineral resources make a government lazy: it derives money literally out of nothing, and it is exceptionally hard to get off this potent drug. Things in Russia are exactly like this: instead of building up the economy on the use and development of human potentialities, human rights and freedoms, on science and knowledge (the urgent demand of the new millennium), we are building our economy on the primitive trade in oil and gas.

From this point of view, the approach to economic policy should undergo a cardinal transformation. Because the most important task for Russia is to effect deep, irrevocable institutional reforms, to create small and medium-sized businesses, to ensure realistic protection of private property and honest competition. It needs a monetary and fiscal policy that would stimulate, rather than hinder, these transformations. What is there to say if under the current monetary or fiscal policy 25% of the population get no wages or salaries? It is only natural that inflation is low what with this policy - there are no wages, there is no inflation. In such a situation, it is impossible to conduct a land or any other reform. The main mistake of the Russian governments is that instead of coming to the IMF with their own program of action in our country, they were always asking the IMF, what else could be done to get a little bit more on credit. And they would get from the IMF bureaucrats a standard recipe of what should be

done, devised for a third-world country...

Market Economy and Human Rights

The following is rarely used in economic analyses. But this is the experience that has been accumulated in Russia and which Russia has to transmit to the world: to enable a market economy to operate normally, the construction of a civil society should be one of the primary institutional transformations.

A successful market economy cannot survive in a state whose policy is not built on the principles of human rights protection.

A market economy can; a successful market economy cannot. Proof: many countries are market economies, but only a few of them prosper. For the right of private property, which is the cornerstone of all economic reforms and a market economy's basic principle, is one of the key human rights.

I do not mean the right of private property enjoyed by several individuals who have long been named oligarchs in Russia;

I mean equal approach to all people living in Russia. The right of private property, the right to social protection, the right to education - these are all human rights that should be accessible to all.

An efficient market economy needs to be guided by society, it needs to get most important feedback signals, and it needs society to offer civil resistance if something goes wrong, it needs society to make sacrifices if it is consciously prepared to. There should be a constant dialogue, interaction between citizens, the government and businesses; otherwise, the economy operates at the expense of the material interests of the people, and due to their low living standards. Thus, wages can be reduced, wages can be withheld along with pensions... It is impossible to create a more or less efficient market economy in such conditions, because one of its main factors - human resources - is not used as an economic factor. Or to put it differently: no realistic rights of the population, no ability of society to express itself spells impossibility to build an efficient market economy.

What's to Be Done?

Is there anything that can be suggested to appreciably improve the economic situation in Russia in the medium term?

To start with, this is the tax policy that should undergo most decisive transformations. What is the main objective of the tax reform today? A civil deal between the authorities and the shadow economy: low taxes, on the one hand, and legalized incomes, on the other hand. There is more to it than the tax reductions: many of those who do not pay high taxes today will not pay low taxes tomorrow. But there are means of 'illuminating', so to speak, the shadow economy. Yabloko has quite a few ideas on the matter that have been transmitted to

the Duma and the president.

Another suggestion: the protection of the right of private property, especially where shareholders are concerned. People must feel that the fruit of their labor are protected, that nobody would take away what they have earned.

Third, changes in the banking system. The institutions we call banks these days are anything but banks. In the West, a bank is an institution that takes people's money and invests it in production. In Russia, a bank is an institution that takes money from the budget and transfers it to Cyprus.

Fourth, a land reform - without land as an element of civilian circulation we will not gain a centimeter on our way. For nobody who is buying or selling real estate today can rest assured that this is serious and for long. Privatization as such is senseless without the privatization of land.

Fifth, the introduction of the procedure of bankruptcy that is the only way to restructuring the industry and ameliorating the results of the voucher privatization. We cannot use administrative levers to review the results of privatization that has been simply counterproductive, we cannot launch nationalization, but we can certainly apply economic instruments.

I would like to ask my readers to ponder the following phenomenon: the industrial slump in the past ten years has reached 60%, and the GDP's decline, 50%, yet there has not been a single bankruptcy. Sixth, we need a working and independent judiciary system - now!

Seventh, the nation acutely needs a realistic policy of protecting the rights of investors, of social protection of citizens, and of preventing the drain of capitals from the country.

And now, most importantly, what's to be done in this country is an open secret. Practically every child knows, what's to be done. The problem is different: who can - and is willing to - do what needs to be done? Who has the political will to lean on the interests of the most influential groups? The intellectual and professional problem - what's to be done - no longer exists; there is the political task of who and in what way is going to do what needs to be done.

Of Russia's Security

This question is - on a par with the economy - a key one for Russia's today and tomorrow. For Russia has the world's longest border with the most unstable regions of the Earth, and with the largest of the poorest nations. Only one border in Russia - Western - is secure, while its Southern and Southeastern borders are very unstable.

Whence the threat? The answer is simple: terrorism. Here, I cannot help touching on the most painful issue of the war in Chechnya, one of whose aspects has a bearing for both Russia and the rest of the world. In 1996-99 in Chechnya, there formed armed units which I would describe as militarized criminal

groupings.

These troops were specially trained to wage war to order, and they effectively created a new 'supply' in the global market of certain services. What with the political and economic situation in Central Asia, Tajikistan, Kyrgyzstan, Uzbekistan - where poverty combines with a lack of prospects, and with abundance of arms and forces that fan and direct extremist sentiments - it becomes clear that there is a realistic demand for the 'commodity.' There is the threat of extremism in its wildest forms proliferating in these regions. Russia that borders on these countries, would take on the first blow.

The other side to the Chechen problem is the means with which our government is trying to combat the threat of terrorism.

I have opposed a full-scale war in the Chechen Republic, I have been and still am criticizing this war, I still believe that the policy of the federal authorities in Chechnya leads into a blind alley and is criminal, and I continue to insist that we should have employed absolutely different means to tackle the Chechen problem. I was saying this in the course of the 1999 election campaign - something that badly affected the outcome of the elections for Yabloko in the situation of war hysteria in the fall of 1999. It is true that these days, many people admit we were right and share our viewpoint...

The two sides to the Chechen problem will be with us for a long time to come. Settling the contradiction is a topic apart. Importantly, Europe must understand that combating terrorism is our common headache. And that Russia has no experience in this difficult enterprise. But all the justified claims to us notwithstanding, nobody in Russia's society knows of the European countries' proposals of assistance, in combating terrorism, in particular.

Another aspect of the security problem is that the talk of reviewing the 1972 anti-ballistic missile treaty between the USSR and the USA is becoming especially topical these days.

There are several approaches to the matter of the potential revision of the ABM treaty. Yes, the United States really has to build an 'umbrella' of sorts to ensure its safety against launches of terrorists' missiles. But Russia is in exactly the same position. My suggestion that I have discussed with both president Yeltsin and president Putin and with US state secretary Mrs. Albright is different: let's build two 'umbrellas.' It is true that there is no system yet that can protect against 'nuclear rain.' But it is possible to build a system that can make a country secure against the several dozen missiles that terrorists can launch. Both Europe and Russia need one, so let's build two ABM systems - one for America and another one for Europe and Russia. The latter system is to employ Russian military technologies. Experts indicate that the Russian S-300 and S-400 missiles are better than the American Patriots are - even the Americans admit this, incidentally. We would then have realistic cooperation of efforts and mutual assistance, rather than a lot of empty talk.

This project would indeed integrate Russia into the global

security system. And once we launch projects of such magnitude, speaking of Russia's future would be easier. Now if we limit ourselves in the matter of security to yet another handshake when a US president visits Russia, or a Russian president visits the US, it would not make us more optimistic. These are not mere words - experts of the Russian General Staff and Americans have been working on the matter for five years. Now is the time to gain public support in Europe, Russia and the United States.

Although the matter is exceptionally important, everything is as usual: you discuss this approach to the ABM treaty with ranking officials and everybody says it is perfect. But everything stops at that...

Many people are trying to guess the road Russia will take to; will it become a Liberal, Social-Democratic or Conservative country? There is no answer to this question yet.

#2

US Department of State
Foreign Press Center Briefing Transcript

U.S. Relations with Russia and the NIS
Ambassador Stephen Sestanovich
Special Advisor the to Secretary of State for the Newly Independent States
Tuesday, January 9, 2001

AMB. SESTANOVICH: Thank you very much. It's a pleasure to see so many familiar faces here. I want to emphasize that I am open today to questions on American policy and relations towards all the states of the former Soviet Union. I know the title you were given was U.S.- Russian relations; but, as is true of our policy toward the region, in general, which emphasizes relations with all the former Soviet states. So I hope our discussion can be just as wide-ranging.

We are at a point of transition between two administrations. That's often a slow time in American foreign policy. I don't think that's been the case in our relations with the states of the former Soviet Union. The past year has been a particularly active one across this entire region, whether one looks at Central Asia, which Secretary Albright visited in the spring, and announced some new initiatives, particularly in the area of security cooperation to expand our relations with those states; whether one looks at the steps taken that bring the realization of the Baku-Tblisi-Ceyhan pipeline much closer; whether one looks at close cooperation between the Ukraine, the states of the European Union and the United States that led to the closure of the Chernobyl nuclear plant just last month; or to a very active series of meetings between President Clinton and President Putin which produced, among

other things, the agreement on making operational a shared early-warning center on ballistic missile launch data between the two countries. As I say, very active period in our relations with the states of the former Soviet Union.

Since this is a transition and a new administration that is about to come into office, I can't of course speak about the future direction of American policy -- except to say that I think many of the principles that have undergirded American relations with the states of this region are widely shared across American politics, and are not disputed within the Congress or between the old administration and the new. Those principles include a commitment to promote the integration of states of the former Soviet Union -- economically, politically, diplomatically, and in other ways; a respect for their independence and territorial integrity; a recognition of the difficulty of the transition that they are undertaking; a conviction that the creation of modern, political and economic institutions is the strongest support for independence and sovereignty over time; and a readiness to work closely with the states of the region on issues of common interest. Where we have been able to find common approaches, we have over the past several years greatly expanded our relations.

If one looks back over the past almost a decade since the states of this region became independent, many of them for the first time, one sees an extraordinary expansion of relations -- not only between them and the United States, but with other -- but with other countries as well. The uncertainty that exists -- many of the uncertainties that existed in the beginning of the '90s, as to the future of these states and their liability, and the kinds of relations that they would develop with the United States and others, have been allayed, and one can now speak of normal relations between us. And I think that is recognizing the uncertainty that attends the formation of new states, any type that in itself is an important achievement. But normalcy also creates new opportunities for an expansion of relations in the future. And without speaking for the new administration, I would expect that looking ahead a number of years one should expect the same kind of expansion of relations, because we are only at an early stage of that process.

Let me end my opening remarks there and take your questions.

Q Surzhansky, Itar-Tass News Agency of Russia. Mr. Ambassador, there were some reports last week that Russia may have deployed short-range nuclear weapons to its Kaliningrad military base. And since Russian authorities, including Mr. Putin himself, strongly deny these reports, could you comment

on that? Thank you

AMB. SESTANOVICH: The issue of nuclear weapons and their deployments, and the doctrines that govern their use, possible use, and the safety of those weapons -- all these have been issues under discussion among European states over the past decade. These are -- the fact that such a dialogue has been created has been one element increasing security and mutual confidence in Europe. This is an important achievement. It was most recently reflected in the discussions in the permanent joint council in NATO this past fall, where there were discussions precisely of these -- of all these questions.

We have followed this question closely. Without commenting on intelligence matters, which is inappropriate, I can tell you that there has been no gap in the attention to or analysis of this problem. But I don't want to comment further on the specific details that were part of original press reports or the ensuing ones, except to say that we are consulting with our allies in Europe on the subject, in NATO. We are consulting with other regional states --

Q (Off mike) --

AMB. SESTANOVICH: On the issue of nuclear weapons, nuclear weapons in the Baltic region, inasmuch as these have been the subject of some commitments made in the past, and it -- we have of course encountered a high degree of interest on the part of other governments in the region, as is natural whenever there are reports of increased -- or movements of nuclear weapons or increases in their levels.

I think it's important that we find a way of restoring confidence on this issue to the extent that it has been undermined by some of these reports. And we would assume that the Russian government would want to clarify some of these questions.

Yeah? I'll leave it to you to recognize people.

Q (Off mike) -- the Russian News Agency RIA. Looking back at Clinton's administration record in dealing with Russia, you mentioned a number of areas. What was the most successful one in your opinion, and what was the least successful one? Thanks.

AMB. SESTANOVICH: I don't want to single out a single area of greatest success, because sometimes the most significant achievements involve making what could be large problems more manageable ones. Here I would mention the strong disagreements that the states of NATO had with the Russian government over the war in Kosovo. That began as an issue of very strong disagreement, and yet we found ourselves at the end of the process, at the end of hostilities, in the same place diplomatically, and working together. That's a measure, perhaps an expression, of the kinds of goals that we need to have in dealing with problems where our interests seem to diverge, finding ways of

bringing them into greater convergence.

I think, more broadly, there has been an expansion of cooperation on a great many issues of European security, whether that you have in mind the stable, peaceful and agreed withdrawal of forces from Central and Eastern Europe, particularly from the Baltic states, or the negotiation of an adapted CFE treaty at the Istanbul summit, or the creation of the Final Act -- I'm sorry, the Founding Act between NATO and Russia, which created a new relationship between the alliance and Russia. There are many new mechanisms for addressing European security questions that did not exist in the early '90s and that provide ways of maintaining and building confidence, addressing threats to security. Those were very much in evidence and of use to us, and the biggest that we -- to European security that we faced in the past decade, in the Balkans. As I said, Balkan issues in general have been both a point of strong disagreement between Russia and the West and, in the end, an area of strong cooperation. So I would count that as a very substantial success.

Other areas have involved less success. You know that that the issue of the proliferation of weapons of mass destruction, the spreading capability of ballistic missiles -- to launch, create, and deploy long-range ballistic missile systems has been a subject high on our agenda. I think in our -- in this administration there is a sense on that issue we have not made as much progress working with Russia and finding the common perspective as we would have wanted.

MODERATOR: The gentleman in the back.

Q I have two questions. My name is -- (inaudible) -- from Radio Free Europe/Radio Liberty. First of all, you know that Russia and Iran are (closing ?) together. What does it mean for the region, and what would be the reaction of the U.S. government?

And my second question is: What are the priorities of U.S. policy towards Central Asia and Afghanistan, and are there going to be any changes in this policy in the new administration?

AMB. SESTANOVICH: On the question of Russian relations with Iran, let me start by expressing a sort of the basic principles of our policy toward Iran, which as you know aims at improvement. This has been an element of Secretary Albright's tenure as secretary of State.

She has spoken on the subject in very important ways, and yet reiterated the difficulties that continue to mark our relations with Iran -- difficulties having to do with the pursuit of weapons of mass destruction,

support for international terrorism, opposition to the Middle East peace process. Our view of Russia's relations with Iran is not to think that in all ways a closer relationship is negative, but is -- our focus is on those particular problems that matter most to the United States, and that -- where our interests are specially involved. If closer Russian relations with Iran make it easier for Iran to develop weapons of mass destruction or ballistic missile capabilities, or to acquire military capabilities that are destabilizing in the region, or make it easier for Iran to support international terrorist groups, or strengthen Iran in its opposition to the Middle East peace process, we consider that very negative, and I think that we are not alone in having those concerns about Iranian policy.

We would -- we have has no shortage of opportunities to express those concerns to the Russian government, which I might say professes full agreement on those three points that I mentioned.

Now, about Afghanistan. This is a threat to the stability of South Asia, of Central Asia, and in fact I would say to neighbors in all directions. The ongoing Afghan civil war is a subject that brings us into -- we find brings us into cooperation and dialogue with a great many states that share that sense of a threat to the region. It was on that basis that we were able to develop a strong consensus in the U.S. Security Council for a tighter sanctions against the Taliban, an effort that was supported as well by states in the region not in the U.N. Security Council. There was -- I know from the role I've had in dialogue with many of the states of the Central Asian region a very strong understanding of the reasons that led to the effort to tighten sanctions, and support for that effort. I think this has been a -- the war in Afghanistan has been a threat to the states of the region, and a burden to the people of Afghanistan now for more than a generation. We have sought to increase cooperation among the states of the region, to contribution to a solution, but I can't tell you there has been any strong progress on that front.

Q This is Umitt Engersol (ph) with Turkey's NTV Television. Under the next administration, do you expect changes in U.S. policy regarding Caspian energy projects?

AMB. SESTANOVICH: I've seen a lot of speculation on that subject in the regional media. And to be honest, I found it a little bit surprising, because I believe there is no real division in Washington on the basic principles that this administration has followed toward the issue of Caspian energy. Our basic approach has reflected a commitment to the independence and

sovereignty
of the states of the region, a commitment to economic integration and cooperation, a desire to increase alternative and reliable energy supplies which above all means enabling the states of this region to find secure and safe routes to international markets for the export of their energy; and, finally, a commitment to support American investment in the region. I think these are principles that are widely shared here, and have an understandable link or expression in our support for the Baku-Tblisi- Ceyhan pipeline project. The past year has marked extraordinary progress in making that project a more active and viable one, and improving in particular its strong commercial foundation.

So my expectation would be that as a new administration begins to study this matter, if they operate from the principles that I have described, then you will see a continuity. Of course this is a new team that has to take its own look at policies, but I think the support for the principles that I've mentioned will continue to be strong. And on that basis, I think some of the speculation now about changes in policy will prove to be unfounded.

Q I would like to go back to these nuclear missiles in Kaliningrad region, because you were very diplomatic and didn't say anything. (Laughter.) Just two short questions. Have these consultations with your European allies, have they produced any result? And the second question: Poland called for international inspections of military facilities in Kaliningrad, of course in accordance with existing arms control agreements. What is the administration's position on this proposal?

AMB. SESTANOVICH: The -- I think I am going to have to be diplomatic again in this sense, that we have a discussion of this question with all of our allies, including Poland, and now extending to other states in the region. I think the concerns that government feel on this issue are understandable, and for that reason we have felt it very important to develop a common understanding of what the situation is, to share information that we have with our allies in an appropriate way, and to understand the security implications of this matter as we see them. But I think it -- while these consultations are under way -- wouldn't be appropriate for me to prejudge their result.

Q (Off mike.)

AMB. SESTANOVICH: I've seen a number of different ideas for international responses that might be appropriate to deal with this problem.

I am not sure that any government has a single view of how to deal with this question.

Q Ariel Monahan (ph) of Reuters. I'd like to ask you a more general question about how you feel about the relationship between this administration and President Putin in comparison to how it was under President Yeltsin. It's been a year now. Could you characterize the relationship? There seems to have been a lot of difficult subjects -- for example, the Edmund Pope case, which seemed to drag on and was raised many times.

And also, what's the current understanding in this administration of Russia's intentions regarding arms sales to Iran? Thank you.

AMB. SESTANOVICH: Let me answer the second one first. I think there is a -- the question of Russian intentions with respect to arms sales to Iran certainly needs to be clarified.

It's been a discussion that we have had ongoing over a period of time. But in the aftermath of Defense Minister Sergeyev's visit to Iran, in which there were apparently rather extensive discussions of military sales, I am sure that this is an issue that will remain under discussion for some time. A visit of this sort would naturally be the topic of discussion, so that we better understand the potential regional impact, a matter that of course is of interest not only to us but to states of the region as well.

Looking at the question of changes in relations between the United States and Russia in the course of the past year, with the accession of a new president, it is not an easy matter to capture in a few words. We will be digesting this one for quite a while. It reminds one of the remark that Chou En-lai allegedly made of the French Revolution -- it being too early to tell what its true historical significance was. I wouldn't want to suggest that this change in personalities in the Russian presidency has the same significance, but certainly in a country as important as Russia any change of this kind will have -- will be one of great significance.

You know, President Putin said in an interview just before the new year that, in describing Russian foreign policy, that it was important for Russia to get over its imperial ambitions and to act on the basis of national interests. I think any American administration would welcome the first part of his statement, and ask what the second part means. In his remarks, President Putin said, We will define our interests in a -- define and defend our interests in a very consistent and hard-headed way. There is a clear potential for Russia to define its interests in a way that brings it into

greater conflict with its neighbors, with other European states, with the United States as well. And I think it's fair to say that over the past year there has been a strong concern among all those states that I mentioned, whether close to Russia or not, about whether a new definition of Russian national interests and new approach to defending them is taking hold. I don't think there is a settled view of that matter anywhere as to exactly what that definition is going to be, and whether Russia will advance those interests in a way that creates more problems than solutions. But I think there is a -- what is more than uncertainty and less than alarm about whether this is going to be a major turning point in the way Russia defines its national interests.

Q Hi, my name is Andrei Sitov. I am with TASS, the Russian News Agency.

A few -- let's say two brief things. First off, we are hearing that the office is being folded back, your office is being folded back into the European Desk. So first off, could you confirm that? And, if so, then is it a commentary on the relative importance of the region for the United States, or maybe the effectiveness of the office itself?

And then, second of all, I don't think I've heard any American officials comment on the situation in Ukraine, since you asked for questions on other countries of the region, and the situation with Kuchma and Gongadze (ph) and -- what's the take of official Washington on that?

AMB. SESTANOVICH: The State Department corridors are full of rumors about personnel decisions and organizational decisions. I can't comment on any of those. There are a variety of organizational questions that one assumes the new team is taking up, and we have had an opportunity to give our recommendations on some of these issues. But I am -- I just can't tell you anything authoritatively about that question -- except to say this: I don't think that any decision made will reflect a view about the priority of American relations with the countries of this region. And I say that because in my conversations with members of the new team I have heard a reiteration of the high priority that relations with countries of this region will continue to have. But how that priority will be expressed organizationally is a matter of course for them to decide. If you hear anything, let me know.

Secondly, about relations with Ukraine, I think this has been an enormously positive year for American relations with Ukraine. I am thinking back to the visit of President Kuchma in December of 1999 in the wake of his reelection, which began a year that was marked by -- in which we saw some

real problems ahead, both in Ukraine's financial situation and relations with international creditors, which we were looking forward -- looking ahead to the question of the closure of Chernobyl, in which we had to continue to develop Ukraine's relationship with NATO peacekeeping -- international peacekeeping in the Balkans.

A year later, I think we can say that there has been some exceptional progress made in Ukraine's relations with international financial institutions, in the formulation and implementation of some economic reform measures -- however in complete -- that's inevitable in this process. We have seen the successful international cooperation that led to the closure of Chernobyl, and we have seen a continuation of Ukraine's cooperation with peacekeeping in the Balkans. That's some important achievements.

At the same time, we of course have followed reports of the political controversies associated with the Gongadze (ph) case that you mentioned, and I think any friend of Ukraine would have to follow that affair with concern. Our position, guided here by what seems to be a strong consensus in Ukraine itself, is that Ukraine's interests will be best served by a speedy and transparent investigation of this matter, consistent with its own laws and with reflecting the importance of media freedom in Ukraine. Whenever reporters are harassed or disappear, it is a source of concern, given the commitments of all the European states to respect and strengthen media freedom. So we find ourselves sharing the Ukrainian consensus about the need to resolve this matter.

Q My name is Nana Gongadze (ph), and Georgi was my relative. We were together in Abkhazia, and I am really very concerned about this matter. And if you compare Georgia with another country, like Russia, Ukraine -- and when I was in Georgia people told me the first achievement we have, we have freedom of speech. And I think that Shevardnadze does everything that we have freedom in speech in Georgia. An example is independent station Rustavy-II (ph), who -- which tells everything that happens in the republic, and nobody kills, or the reporters work very, very easily in Georgia.

But my question will be about Georgia, and the relationship with Russia. I really love Russia. I worked for a Russian station 17 years. I have a lot of friends in Moscow and around Russia. And I see two Russias, two faces: Russia which loves Georgia and wants democracy and Russia which loves the former Soviet Union and want built again this terrible monster that we ruined 1991.

December 5th Russia announced a visa system with Georgia, and accused Georgia that they give shelter to Chechen -- (inaudible) -- and Chechen

refugees, because they have border in the mountains. So -- and then they didn't let Georgian planes to land in Cherimantu (ph). They cut energy, they cut gas. It's blockade of the Republic of Georgia. Same time, the Russian military controlled two autonomous republics -- (inaudible) -- and Abkhazia. I want to know how Americans react for this everything. The people who live in this region, they can take Russian citizenship. It means -- you talk about the independence of the Republic of Georgia -- what independence is this? Can you comment on this please?

AMB. SESTANOVICH: Well, the first thing I want to say is if you are a relative for Mr. Gongadze (ph), I think I speak for everyone in the room in expressing our sympathy. Secondly, I've been interviewed myself under Rustavy-II (ph), and I want to tell you that is a wonderful station. I have got a Rustavy-II (ph) T-shirt at home.

I also want to say that this is not the only example of press freedom, or the importance of press freedom throughout this region. And I was asked earlier about successes over the past decade. I think it may be the most -- one of the most significant successes that the states of this region have achieved for themselves to be able to put in place and protect free media where they have seen it disappear, the states of this region themselves have been the losers.

To support that effort, the United States has provided various kinds of assistance to free media organizations in the former Soviet Union. And I remember that when Secretary Albright visited Moscow a couple of years ago in the wake of the financial collapse of August 1998, she announced some small grants to struggling media organizations to try to help them with that -- with their survival. Across the former Soviet Union, we have had a commitment where we could within the limits of our resources to support free media, and I think it is as important as anything else that we have done. But let me emphasize it is above the achievement of the countries themselves, and their loss when it is compromised. It is for that reason that Secretary Albright has expressed the concern about the efforts to limit the independence of Russian television. When she spoke in the Congress in the fall, she stated that -- and in this respect agreeing with the comments made by President Putin -- that free media are essential for Russian democracy, that government control of television is inconsistent with that, and that control of independent television by Gazprom, to be very specific, was government control.

So the attachment that -- the priorities that the United States attaches to this issue throughout this region is very high.

Now, you asked about Georgia. Let me get back to that. I think the deterioration of relations between Russia and Georgia and what seems to be instances of pressure have created very strong concerns not only here but in the region and in the rest of Europe. You have given examples of those pressures. One could give other ones. We have spoken out case by case on these questions when there was a renewed threat to cut off gas before the new year. We spoke on the subject. We had a variety of reasons for doing so. We opposed interference in valid supply contracts for gas. We supported the diversity of supply and competition among the suppliers. We were concerned about the hardship to be experienced by the Georgian public as the lights went out and the heat went off. This is just one of a complex of difficult issues in Georgian and Russian relations that raise questions among countries that seek good relations with both of them. The -- and this has been a high priority among the issues we discussed with the Russian government.

Let me know that on the question of energy, we have, as we have in the past, tried to prevent hardship by providing an assistance program for winter heating. And in this coming winter I believe that program will be almost \$4 million -- a small effort, but a significant one that shows the commitment of the United States to try to allay difficulties that might be experienced. But there -- you are absolutely right that there is a broader set of problems that has to be addressed. One of them involves the potential spillover from the Chechen war, and on that we have tried to find mechanisms, including through the OSCE, to bring increased transparency on the Georgian border. And we have provided our own assistance to the Georgian border guards to try to increase their ability to cope with this problem -- (audio break) -- be addressing in its -- as it surveys the Caucasus and relations with Russia, this will be an important one.

Q My name is -- (inaudible) -- from NHK, Japan Broadcasting Corporation. I would like to go back to the Central Asia issues. In the next administration, do you think there is a possibility for the U.S. to join the Shanghai Five alliance?

And the next question is: What kind of option does the U.S. have to fight against the terrorism in the Central Asia countries such as

Uzbekistan and Kazakhstan and of course Afghanistan? What do you think?

AMB. SESTANOVICH: I'm not sure what the membership requirements for the Shanghai forum are. I assume that's something the new administration will have to discuss. I'm not aware that they're looking for new members. But

it's certainly true that some of the issues that are discussed in that organization are also ones that we discuss with the states of the region, whether it's international terrorism, drug trafficking, for that matter more hopeful issues like economic cooperation, opportunities for investment, and so forth. So I would say that there is -- if not a membership in the organization, at least an awareness of the importance of those issues and an opportunity to cooperate on the most important of them. I think it's fair to say that over the past couple of years the states of this region have come to feel the need to provide for their security, and have found that need more acute. They are throughout the region seeking to modernize their military establishment, find ways of largely reducing the size of them and increasing the effectiveness, in order to be able to deal with the real problems that they face. And they have as a result of that turned to countries beyond the region and international organizations for assistance in that process, whether it's through the cooperation in the peacekeeping battalions that the Partnership for Peace has helped them with, or through consultations and assistance that we provide on security of borders. Security issues are going to loom larger in the relations to the states of this region over the next several years, and I am sure that the -- as they have already, they will continue to seek assistance from beyond the region in addressing those problems.

MODERATOR: In the back.

Q I am Vladimir Abajnov (ph). I'm with the Expert Russian Weekly. You already --

AMB. SESTANOVICH: Haven't seen you in a long time. How are you?

Q (Laughs.) Yeah, how are you doing? You have already gave us your general vision on the new Russian leadership, but let me ask you what are the achievements record of this last year? I mean, we had an unbelievable number of summits -- I think six or something like that -- but what's the achievement record? And probably how do you feel how this style of dealing with Russia changed this year?

AMB. SESTANOVICH: We had a -- you are right, many encounters between the presidents of the two countries, but also many encounters between the foreign ministers, between the national security advisors; a renewal of contacts between the defense ministers. I think one should not ignore, even though it didn't receive as much publicity as the summit meetings, the restoration of

the upgrading of Russia's relations with NATO, which took place at the meetings in Brussels between defense ministers and foreign ministers in December. I would count that as one achievement, although not the -- I count it as one achievement, and in some ways the reflection of agreement reached by the two presidents themselves at their first meeting in Moscow in June.

I think the -- I referred already to the agreements to carry forward the implementation of a cooperation on early warning launches of ballistic missiles. I think there has been a regular incremental dialogue on issues of national missile defense, which will be valuable to the coming administration. As you know, President Clinton deferred a decision on that question, but the record of discussion will be important. There has been a regular dialogue on issues of non- proliferation, which have had both positive and negative elements, and I think that too will form the basis for further discussions between the new team here and the Russian government.

MODERATOR: I am afraid we have run out of time. Thank you very much for an excellent briefing. Thank you, ladies and gentlemen.

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TEXT:

Johnson's Russia List

#5022

12 January 2001

davidjohnson@erols.com

[Note from David Johnson:

1. Moscow Times: Boris Kagarlitsky, It's Trotsky and Bukharin All Over Again.

2. Interfax: Upper house chief says shadow economy 40 per cent of GDP.

3. The Economist (UK): Russian debt. Promises, promises.

4. Leslie Dienes: re 5020-Balzer/Middle Classes.

5. Peter Rutland: Putin's rise to power.

6. Reuters: Germany's Stalingrad Film to Open Berlin Festival.

7. Charlier Christophe: request for information.

8. RIA: Chief Russian auditor looks for new deputy after Yabloko founder's resignation.

9. RFE/RL: Paul Goble, Ethnic Identity, Political Loyalty. (re Baltics)

10. Interfax: Russian Communist leader sees Kremlin policy as destructive.

11. Moscow Times: Pavel Felgenhauer, Ready for the Worst Case. (re nuclear weapons and Kaliningrad)

12. The Wilson Quarterly: Murray Feshbach, Russia's Population Meltdown. Declining birth rates and soaring rates of disease now threaten Russia's very survival as a nation.]

#1

Moscow Times

January 12, 2001

It's Trotsky and Bukharin All Over Again

By Boris Kagarlitsky

The debate over economic strategy is becoming increasingly heated in Russia's ruling circles. One would have thought that the high global energy prices would have cooled off this discussion by taking the edge off the urgency in economic decision making.

However, the reality is that the ruling elite is deeply divided between two opposing economic policies, represented by Economic Development and Trade Minister German Gref on the one hand and President Vladimir Putin's

economic adviser Andrei Illarionov, on the other. This is odd because both Gref and Illarionov are committed to capitalism, private enterprise, free markets and liberal principles. They both steadfastly oppose even the slightest social-democratic initiatives.

Nonetheless, in recent months, the two camps they represent have become increasingly hostile to one another. Why?

It goes without saying that different concrete business interests (and considerable sums of money) stand behind each of these camps. But there are also important disagreements on principle between these two schools. It would be a mistake to say that Gref is less liberal than Illarionov. Even a quick glance at his program (which includes tax reductions, a stern Labor Code, privatization and the further commercialization of the social sphere) dispels this notion.

The difference is that Gref is a gradualist. The current situation is not that bad, according to this view, and it is important not to rock the boat. Gref views the current hard-won political stability as an asset that should not be lightly squandered.

Illarionov, on the other hand, is certain that the government is missing a unique opportunity. He believes that now is the time to force the next wave of liberal reform. He criticizes Gref for opportunism, inaction and cowardice. For their part, Gref and his supporters accuse Illarionov of irresponsibility, radicalism and utopianism.

Ironically, this debate mirrors the argument between the "left" and "right" Bolsheviks in the 1920s. The economy then was improving steadily, and grain exports were bringing a steady inflow of foreign currency. The time was ripe to start "building socialism." The problem was that the general population had absolutely no interest whatsoever in carrying out any kind of economic experiments.

The only difference was that in the 1920s, this reluctant majority was the peasantry, who were unwilling to sacrifice themselves to build socialist industry. Today, the tired masses are urban workers, who cannot even imagine that they might benefit in some way from more liberalism.

It is instructive, then, to remember how the conflict ended in the 1920s. As long as the economic situation remained more or less positive, the "right" Bolsheviks (led by Nikolai Bukharin) were able to keep the upper hand over the "left" Bolsheviks (led by Leon Trotsky). However, as soon as a global economic crisis developed and grain prices fell, it became clear that something radical had to be done.

Then something completely unexpected happened. The central bureaucracy, headed by Josef Stalin, adopted its own economic model, which, for all intents and purposes, spelled the end of the socialist experiment altogether. And both Bukharin and Trotsky fell victim to the purges that ensued.

Now oil prices are falling, and talk of a global recession is in the air. Will liberalism suffer the same fate as Russian socialism?

Putin's situation is not very similar to Stalin's. It is not possible today to use administrative controls to restructure the economy for the simple reason that an effective, Stalinist bureaucratic machine does not exist today.

In short, there is no threat of a return to Stalinism. However, I don't think liberal reform has much of a chance either. As economic instability increases, a political crisis here becomes more likely. Since a clear victor is not apparent, all we can say is that that crisis will be long and profound.

Boris Kagarlitsky is a Moscow-based sociologist.

#2

Russia: Upper house chief says shadow economy 40 per cent of GDP
Interfax

Moscow, 11 January: Some 25bn dollars was taken out of Russia last year, Federation Council Chairman Yegor Stroyev told the national conference of prosecutors on Thursday [11 January].

Capital flight increased by 10 per cent in 2000, Stroyev said. He also said that the volume of the shadow economy makes up 40 per cent of the GDP.

Stroyev urged the Prosecutor-General's Office to complete its investigation into the default of Russia in August 1998 and to publicize its results. "To this day we have not been informed by the Prosecutor-General's Office who the authors of the 1998 default were," he said.

#3

The Economist (UK)
January 13-19, 2001
Russian debt
Promises, promises

BLUSTER, plead poverty, blur the issue and add a dash of brinkmanship. That, to judge by the past few years, is Russia's way of dealing with foreign creditors. And it usually works. The present wrangle, over \$48 billion of mostly Soviet-era debt owed to western governments, is now at the brinkmanship stage.

Most of the debt is owed to Germany, whose chancellor, Gerhard Schröder, spent Orthodox Christmas on January 7th with Russia's president, Vladimir Putin, and expressed concern about Russian intentions to repay. For reassurance, Mr Putin said Russia would pay all its debts. He then neatly blurred the promise by omitting to say exactly when. In a similar vein his prime minister, Mikhail Kasyanov, said that Russia would certainly pay back some of the debts, but did not say which ones. He noted, quite truthfully,

that about \$3 billion of repayments due this year are not provided for in the budget.

That is because Russia had expected a rescheduling by now. Yet under the rules of the Paris Club of creditor countries, negotiations may start only after the debtor country has made a deal with the International Monetary Fund. That failed to happen last year, because the Fund was unconvinced by Russia's reform efforts. Even if a new IMF mission this month makes progress, no new programme is likely before April.

Even then, rescheduling may prove tricky. In the mid-1990s, Russia could more convincingly plead poverty. Now high oil prices have left the country awash with cash. The trade surplus last year was \$60 billion, although nearly half of that seems to have left the country again as capital flight.

There is room for manoeuvre over one bit of Russia's bilateral debt to Germany: communist-era 'transferable roubles' owed by the Soviet Union to the former East Germany, said to be worth \$6 billion. Germany is waiting for details of a debt-equity swap that Russia proposed last month. A senior German official insists that such swaps cannot be arranged for Paris Club debts. As it is, Russia's debt has been rescheduled once already. To do it again would be justified only in the direst straits.

There are other Russian wheezes. There are demands for a write-off, as well as for Russia's debts to the West to be offset by notional loans made long ago to Soviet satellite states such as Vietnam, or by the energy debts accumulated more recently by nearby countries such as Ukraine. Although none of these schemes is likely to come to anything, they all help to distract attention from the central point: Russia agreed to take on the Soviet Union's liabilities in return for acquiring its assets. Besides, Russia now has plenty of money, if it only chooses to use it.

The next few months will probably see a lot of posturing, followed by a fudge. The Paris Club this week sent a cross letter, saying that Russia must pay, promptly and in full. Yet there are few sanctions, even in theory, in the case of government-to-government debt defaults. And in practice, western governments have always blinked first when Russia has threatened to commit financial suicide. This knowledge greatly strengthens the hand of wily Mr Kasyanov, who has built his career on helping Russia dodge its debts.

The immediate problem is posed by the payments due in the current quarter. Russia says it will repay \$10.3m (out of \$3.2 billion in Paris-Club principal and interest due this year, see table below). If the Russian government wanted to pay more, it could certainly find the money. It has a budget surplus, after all.

Private holders of Russian debt are watching with interest. Some hope that less money for foreign governments will mean more for them. Others find rescheduling an alarmingly ingrained habit. If Russia behaves like this when it is solvent, how will it act at a time of true hardship?

The bigger, and unanswered, question that ought to be of interest to taxpayers in both Russia and the West is what actually happened to the

money that was lent to the Soviet Union and Russia? In all, it amounted to more than \$150 billion. In theory, it all went to pay for food imports and industrial modernisation, and to prop up public finances. But there is amazingly little to show for the huge sums involved. "It was stolen," says one experienced Moscow investment banker. "Stolen by the same people who have been stealing money ever since."

#4

From: "Leslie Dienes" <dienes@ukans.edu>
Subject: re 5020-Balzer/Middle Classes,
Date: Thu, 11 Jan 2001

From Leslie Dienes, University of Kansas.
A note on the Russian middle class. Re: Professor Balzer in JRL #5020.

I don't wish to dispute Professor Balzer's claim that "evidence for the existence of an economic "middle" in Russia is overwhelming" or even that "it extends beyond Moscow and St. Petersburg." I also agree that consumption is a more reliable guide and will not argue the claim that production expenditures well exceed reported incomes (by 50 to 100 percent, according to Balzer's note). While I believe that the alleged size (some third of the pre-1998 crisis population and one quarter today) is an exaggeration, my intent here is not to challenge that share. My point here is to stress that the distribution, and particularly the geographic distribution of income gives us a critical tool to gauge, the contours of that middle class, however roughly. The Russian journal, Ekspert (#31, 2000) provides data on the income distribution of the urban middle class, based on a detailed sociological study conducted during the summer of 2000). On the basis of reported income for the population between 18 and 55 years of age, including non-working family members, the middle class is defined as those with monthly income ranging from \$150 to \$2,500, 94-95% of which fall into the \$150-1,500 income group. (The absurd range is not unique. Americans tend indulgently to stuff everyone into the "middle class" from, say, \$40,000 through \$300,000 of yearly income, or even higher).

What strikes the reader, however, is the distribution of this income among cities of various size categories. Half of the Russian urban population live in cities with 250,000 inhabitants and more, and surely these cities contain the lion's share of the middle class. In these cities, three-fourths of those earning from \$150-2,500 per month live in Moscow, St. Petersburg, and 9 other cities of more than 1 million. But in Moscow, 20% of the work-age population fall into this group, while in the rest of the cities exceeding one million in population (including St. Petersburg), only 9.5%, and in cities in the 250,000-750,000 range a mere 5%. One could imagine, what the percentage of the middle class then must be among the other half of Russia's urban population, inhabiting cities smaller than 250,000, especially in smaller towns of less than 50,000 population which

housed 26% of the country's citizens in the mid-1990s. (Income distribution is not reported for the three cities with 750,000-999,999 inhabitants. The share of that income group in these cities' population must certainly falls between 5 and 10%. The aggregate population of these three cities, however, sum up to well below 3 million persons). In addition, the mean monthly income for Moscow is \$510, for the rest of the urban population it is \$300. In other words, average monthly income decreases rapidly outside the capital, and probably diminishes fairly regularly with city size. Andrey Treivish of the Russian Institute of Geography notes that the city of Moscow accounts for a full one-third of the country's excess of officially recorded income over the normative consumer-basket spending.

According to the income criteria cited from the survey reported in Ekspert, less than 10% of the country's population reports more than \$150 per months. If unreported income doubles that (probably too generous a supposition), this still means less than \$300 per month for nine-tenth of the country's inhabitants. Moreover, we have no reason to believe that unreported income is not similarly skewed in favor of large cities, given that opportunities are far greater in metropolitan centers than in small places. While private plots and vegetable gardens cushion many in villages and small towns from absolute destitution, this still leaves that population way out of the middle class, without any hope of ever entering it, especially given the differences in education opportunities.

Grigory Joffe and Tatyana Nefedova have shown that, with the exception of the Kuban', agricultural yields and incomes have no correlation with soil fertility in the Russian Federation today. "Exurbia has become the only area where...rampant mismanagement and alcoholism have not done away with commercial farming." Similarly, very few cities of below 100,000 inhabitants have any prospect of an economic renaissance. That means that some 60-80 million persons in Russia (33 million in villages, and those in most free-standing towns of less than 100,000 population) have no hope of approaching "middle-class" income till death part them from this world.

#5

Date: Thu, 11 Jan 2001 From: Peter Rutland <prutland@mail.wesleyan.edu>
Subject: Putin's rise to power

I have a long (16,000 word) article on "Putin's rise to power" which is forthcoming in POST-SOVIET AFFAIRS. If anyone wants a copy they can email me at: prutland@wesleyan.edu

Based on a close monitoring of the election campaign and the reports of Russian political scientists, the article argues that Putin's ascent is a logical outcome of certain systemic features of the Yeltsin regime, such as patronage, populism, and the concentration of power in presidential hands. At the same time, Putin has a reformist agenda, since he recognizes that

given new global realities, some structural features of Yeltsin's system of rule must be changed if Russia is to recover some of its lost strength and prosperity.

Most Western commentary on Putin has focused on his treatment of Babitsky, Gusinsky and Berezovsky, not least because these individuals have actively participated in that debate. Less attention has been paid to a detailed discussion of the implications of the Putin phenomenon for the structural stability of the Russian political system.

#6 Germany's Stalingrad Film to Open Berlin Festival

BERLIN, Jan 11, 2001 -- (Reuters) A German-American co-production about the pivotal World War Two battle of Stalingrad, "Enemy at the Gates", will open the 51st Berlin film festival with its world premiere on February 7, organizers said on Wednesday.

Given the rare honor of opening the annual Berlinale, "Enemy at the Gates" is one of the most expensive films ever made in Germany, the world's second largest market in ticket sales that is nonetheless dominated by Hollywood films.

Filmed in English, the drama pits a German and a Russian sniper against each other during the epic 1942 battle at Stalingrad. Germany lost the battle, which turned out to be one of the main turning points of World War Two.

About 20 films making their international debuts compete each year for Golden Bears at the Berlinale, Europe's first major film festival each year and considered to be one of the world's top festivals, after Cannes and alongside Venice.

Starring British actors Jude Law and Joseph Fiennes as well as American Ed Harris, "Enemy at the Gates" was directed by Jean-Jacques Annaud and produced by the U.S. company Mandalay Entertainment in association with Germany's KC Medien and MP Film Managment.

Filmmakers denied reports in the German media that the film, shot almost entirely in the Babelsberg studio and in rural areas outside Berlin, had a 180-million mark (\$90 million) budget.

They declined to say what the exact costs were but confirmed it was one of the most expensive productions ever made in Germany, where film budgets rarely top 50 million marks. It is extremely rare that a German film opens the Berlinale.

"Although we know everyone is against war, we cannot ignore the gruesome

events of the past," said festival director Moritz de Hadeln. "Jean-Jacques Annaud has brilliantly shed light on a chapter of German history.

"He and his team of German technicians have successfully demonstrated that Germany and Europe are in a position to realize such major projects and challenge the idea that Americans have a monopoly on such works."

#7
Date: Thu, 11 Jan 2001
From: Charlier Christophe <CCharlier@LVFinance.com>
Subject: request for information

I am trying to put together a list of all cities in Russia with a population over 100,000 (and their population). I am also looking for an average income per capita by oblast. Can anyone recommend a site on the Internet or a reference book where I can find this information?

Christophe F. Charlier
Vice President
LV Finance

#8
Chief Russian auditor looks for new deputy after Yabloko founder's resignation
RIA

Moscow, 10 January: Federation Council Chairman Yegor Stroyev and Audit Chamber Chairman Sergey Stepashin have discussed the results of the chamber's work in 2000 and its plans for 2001.

Stepashin told RIA that in 2001 the chamber was going to check oil companies and several regions, notably Kaliningrad Region and Kalmykia.

Commenting on a draft law discussed by the State Duma, according to which the law on the Audit Chamber should be amended, Stepashin said that the chamber "has always been and will remain an independent body". He said that, however, the chamber should work "together with the parliament and the president". He said that Stroyev shared his position.

Stepashin said that he and Stroyev discussed the possible candidates for the post of Stepashin's first deputy, vacant since the former first deputy, Yuriy Boldyrev, changed the job.

Stepashin refused to name the likely candidate, but he said that [former presidential legal advisor] Sergey Shakhray was not on the list.

The appointment of the first deputy will be discussed at the Federation Council's session on 31 January.

#9
Baltics: Analysis From Washington -- Ethnic Identity, Political Loyalty
By Paul Goble

Washington, 11 January 2001 (RFE/RL) -- More than half of the ethnic Russians in Estonia -- both citizens and non-citizens alike -- now place their trust in the Estonian government, a finding that suggests that such political loyalty may increasingly outweigh their ethnic attachments and even that they have decided to link their fate with that Baltic country.

The Estonia-based Saar Poll Company on Wednesday released its annual "Baltic Barometer" survey. Conducted by Glasgow Professor Richard Rose, this year's study found that 62 percent of ethnic Russians living in Estonia had a positive evaluation of the Estonian government. In neighboring Latvia and Lithuania, local ethnic Russians rated the governments of the country in which they lived 39 percent and 42 percent respectively.

At the same time, this poll found that the support of ethnic Russians for the Baltic governments was not as deep as it was broad. Asked to evaluate the government of the country in which they live on a scale of plus 100 for the most positive to minus 100 for the most negative, ethnic Russians in Estonia averaged out at plus nine, while ethnic Russians in Latvia were at minus ten and those in Lithuania were at minus seven.

And the poll results suggested that these differences were closely linked to assumptions about how well ethnic Russians and the local titular nationality have done economically in the past and how well they expect to do in the future. In Estonia, 28 percent of ethnic Russians and 28 percent of ethnic Estonians said that they were doing better now than five years ago, and both groups expressed optimism about their country's economic future.

The situations in Latvia and Lithuania in this regard are somewhat different, the findings of this poll indicate. In both of these countries, fewer ethnic Russians or members of the titular nationality felt they had done well over the last five years and fewer expected to do as well in the future.

These findings call attention to three important developments, all of which challenge assumptions that many analysts and governments made a decade ago when the three Baltic countries recovered their independence.

First, in this region as elsewhere around the world, ethnic identity is only one of the identities individuals have, and in many cases it may not be the most important. Many people in the Baltic countries, in Russia and in the West assumed that the presence of large numbers of ethnic Russians in Estonia and Latvia and a

smaller number in Lithuania would prove to be the biggest problem for these states. And many of these people argued that policies specifically designed to address the needs and status of ethnic Russians there were the most necessary precondition to the integration of these groups.

In fact, such policies have played a role, but in many cases, they overstated the importance of ethnicity in the lives of both Russians and non-Russians. No one in either group was only ethnic; instead, members of each were a matroshka doll-like combination of identities, ethnic, political, economic and many others as well.

Consequently, this poll suggests, it has been the general policies of the three regimes rather than the ethnically specific measures which have played the greatest role in bringing these groups together.

Second, national economic success both in absolute terms and relative to others may be the best predictor of political behavior for both majority and minority ethnic communities. Clearly, one of the major reasons that many ethnic Russians in the Baltic countries increasingly put their trust in the governments there is that they are doing so much better economically than their co-ethnics in the Russian Federation.

That is a powerful factor leading many of them to look to Tallinn, Riga or Vilnius rather than Moscow. But at the same time, it is a reminder that this ethnic situation could change quickly were the economic situation in these three countries to deteriorate or were conditions in Russia to dramatically improve.

And third, while the Baltic countries are diverging in this as in so many other areas, the three increasingly are setting themselves apart concerning the relationship between ethnic and political identities from the situation in the 11 non-Russian former Soviet republics. Ten years ago, many analysts and officials in the East and West typically talked about "the Balts" and either downplayed or ignored the ways in which Estonians, Latvians and Lithuanians were different. Such an approach was inappropriate then, and events since then have made it even more inappropriate with each passing year.

But the ability of the governments of these three very different countries to gain loyalty from ethnic Russians does underscore a continuing commonality among the three, even with the variations reported by the Saar poll this week. Compared to the post-Soviet republics, all three Baltic states have made important strides toward becoming genuine civil societies where individuals can be successful regardless of their ethnic background.

And their successes in that effort not only provide the basis for cooperation

across ethnic frontiers within each of them but also for cooperation across state frontiers among all three.

#10
Russian Communist leader sees Kremlin policy as destructive
Interfax

Moscow, 11 January: Gennadiy Zyuganov, leader of the Communist Party of the Russian Federation and the State Duma's Communist faction, has said that the present leadership of Russia continues to carry out "the destructive" policy of the previous authorities.

"In spite of some inspiring changes that have occurred in the political sphere over the past year, the old destructive social and economic policy is still being carried out. The Communist Party of the Russian Federation has opposed and will oppose this antinational course," Zyuganov told editors from the communist press today.

Last year's regional elections showed that the Communist party "both preserved and consolidated" its positions in regions, Zyuganov said. "People come to the party and trust it," he noted. About 10,000 students joined the party last year alone, "which is more than the strength of all of the right parties that brag about being supported by youngsters", he said.

#11
Moscow Times
January 11, 2001
Ready for the Worst Case
By Pavel Felgenhauer

Last week U.S. government officials leaked information to the press that Russia had secretly moved tactical nuclear weapons to the Kaliningrad region, a small patch of Russian territory sandwiched between Poland and Lithuania on the shores of the Baltic. Moscow fiercely denied that there were any nuclear weapons in the area, and President Vladimir Putin told journalists that the report is "rubbish."

But somehow the denials did not sound completely convincing. Kaliningrad is the home base of the Russian Baltic Fleet, and all armed forces in the region (including the army and air force) are under overall naval command. Last week's denials were mostly coming from Russian naval spokesmen. However, since the sinking of the Kursk submarine last August, the navy has issued so many false statements that now it is hard to believe anything it says.

Although the Russian authorities have only themselves to blame that no one believes them, this time they are probably telling the truth: Tactical nukes most likely have not been moved into the Kaliningrad region – yet.

In 1991 Russia and the United States agreed to remove all land-based tactical warheads from Europe. Naval tactical nukes were removed from ships and stockpiled. This nonbinding agreement is still observed, and both sides dismantled most of the removed warheads. The removal of tactical nuclear weapons was more than just an outburst of disarmament enthusiasm caused by the end of the Cold War. Battlefield nukes need a field of immanent battle for deployment, but there was none left in 1991. NATO and Russian troops were separated by distances so great that there was no need to keep nuclear artillery shells.

Air force and naval tactical nukes were not abolished, though, since even then there remained the distinct possibility that they may be needed someday. However, their numbers were considerably reduced.

The same logic still applies today. Poland may have joined NATO, but no forces are yet concentrated on its border with Russia. There is nothing in the 100-kilometer maximum range of battlefield Russian land-based tactical delivery systems in Kaliningrad that would warrant a nuclear strike, only peaceful Polish villages and marshes.

The Russian Baltic Fleet is a collection of rusty surface ships with no modern nuclear attack submarines. Also, the Baltic Fleet does not presently face any significant concentration of enemy power. There is no military reason whatsoever to deploy tactical nuclear weapons in Kaliningrad today.

Most likely, U.S. military intelligence observed not the actual movement of weapons per se, but enhanced preparations of facilities and personnel for a possible swift nuclear deployment in the future. For some years now, the Russian military has been preparing to face a limited NATO attack. After the bombardment of Yugoslavia in 1999, these preparations have been enhanced and Kaliningrad has been singled out as the most exposed area.

Russian military planners believe that NATO will first impose a sea, land and air blockade of the Kaliningrad region and then attack it with stealth bombers and cruise missiles, forcing Russia to either start a global nuclear war or simply to surrender like Yugoslavia and accept Western (i.e., American) domination.

To prevent such a scenario, a joint command under naval supervision has already been established in Kaliningrad so that all forces can fight as a unified garrison even if besieged. Planners also consider it crucial to have the capability to rush tactical nukes into Kaliningrad before NATO closes in. The Kaliningrad garrison could use them to fight its own local nuclear campaign that may not involve the rest of Russia.

Tactical nuclear weapons could also serve as a regional deterrent. But it is imperative that the warheads be rushed in at the last moment, so that NATO cannot destroy them in a surprise preventive strike. It is also important that the nukes are not deployed beforehand so that the West cannot use them as a pretext to attack Kaliningrad.

In 1991, many believed that the world had changed profoundly. But the nature of military planning never changes: It is always the worst possible scenario that is considered the most probable. Unfortunately, when not restrained by a free press and an informed public (which is the situation in Russia today), the military can often make these terrible scenarios come true.

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#12

Date: Thu, 11 Jan 2001

From: "Murray Feshbach" <FeshbachM@wwic.si.edu>

Subject: Russia's Population Meltdown

The Wilson Quarterly

Russia's Population Meltdown

Declining birth rates and soaring rates of disease
now threaten Russia's very survival as a nation.

by Murray Feshbach

Murray Feshbach, formerly branch chief at the U.S. Bureau of the Census and a research professor at Georgetown University, is a Senior Scholar at the Wilson Center. He is the author most recently of *Ecological Disaster: Cleaning up the Hidden Legacy of the Soviet Regime* (1995), and editor in chief of the *Environmental and Health Atlas of Russia* (1995). Copyright , 2001 by Murray Feshbach.

Last July, in his first annual presidential address to the Russian people, President Vladimir Putin listed the 16 "most acute problems facing our country." Number one on the list, topping even the country's dire economic condition and the diminishing effectiveness of its political institutions, was the declining size of Russia's population. Putin put the matter plainly. The Russian population is shrinking by 750,000 every year, and (thanks to a large excess of deaths over births) looks likely to continue dropping for years to come. If the trend is not altered, he warned, "the very survival of the nation will be endangered."

Unfortunately, even Putin's grim reckoning of the numbers may understate the dimensions of the calamity confronting his country. Its birthrate has reached extraordinarily low levels, while the death rate is high and rising. The incidence of HIV/AIDS, syphilis, tuberculosis, hepatitis C, and other infectious diseases is soaring, even as the Russian health care system staggers. Perhaps 40 percent of the nation's hospitals and clinics do not have hot water or sewage. Seventy-five percent or more of pregnant women suffer a serious pathology during their pregnancy, such as sepsis, toxemia, or anemia. Only about 25 percent of Russian children are born healthy. (The rate of infant mortality, however, has declined, at least according to official statistics.) The leading Russian pediatrician Aleksandr Baranov estimates that only five to 10 percent of all Russian children are healthy.

As if these challenges were not enough, Russia bears the burden of decades of environmentally destructive practices that have a direct, harmful impact

on public health. Their legacy includes not just conventional pollution of the air and water but serious contamination around many nuclear and chemical sites throughout the country. In Dzerzhinsk and Chapayevsk, two of the 160 "military chemical cities" that produce chemicals for the military-industrial complex, the rate of spontaneous abortions or miscarriages is above 15 percent of conceptions—a strong indication of chromosomal aberrations produced by the environment. Yet a weakened Russia lacks the means to contain ongoing pollution or to begin the monumental task of environmental cleanup. The decline in the size of the Russian population, and in Russians' general health, vastly increases the difficulty of creating the economic health upon which such a cleanup—and so much else—depends.

It is not only compassion that should arouse the concern of the West. While some may cheer the weakening of this less-than-friendly power, still armed with large numbers of nuclear, biological, and chemical weapons, Russia's sickening decline raises the twin prospects of political disintegration and subsequent consolidation under an authoritarian leader hostile to Western interests. The nation's problems, in any event, can no longer be thought of as somehow only its own. Last year, an unclassified U.S. National Intelligence Estimate warned that the global rise of new and re-emergent infectious diseases will not only contribute to social and political instability in other countries but "endanger U.S. citizens at home and abroad." Deaths from infectious diseases (including HIV/AIDS) in the United States have nearly doubled, to some 170,000 annually, since 1980. And Russia's deteriorating weapons stockpiles pose a threat of unknown dimensions, particularly to the nearby Scandinavian countries. The broad outlines of Russia's looming catastrophe can be sketched in stark terms. Russians are dying at a significantly faster rate than they are being born. Gloomy as it was, President Putin's speech was based on the relatively rosy projections of the Russian State Statistical Agency, or Goskomstat. This scenario assumes an increase in the total fertility rate beginning in 2006, a decline in the mortality rate, and an increase in net in-migration. But only the latter projection is remotely plausible.* By 2050, I believe, Russia's population will shrink by one-third. In other words, it will drop from roughly 145 million today to about 100 million, a blow that even a stable, prosperous country would have difficulty sustaining.

My projections, based on a model developed for West Germany by the Population Reference Bureau, are less apocalyptic than those of some other Russian officials, Duma members, and demographers. A new study produced under the auspices of the Institute of Social and Political Research of the Russian Academy of Sciences, for example, predicts that population will decline to between 70 and 90 million by 2045. If one takes the annual 750,000 decrease noted by Putin and multiplies it by 50 years, the result is a drop in population of 37.5 million persons, to a net total of 108 million—not far from my estimate of 100 million. The U.S. population, meanwhile, is projected by the U.S. Bureau of the Census to grow by 2050 from today's 275 million to 396 million, a level almost four times the projected Russian population.

In broad demographic terms, one can say that Russia's population is being squeezed by two pincers. On one side is the fertility rate, which has been

falling since the early 1980s. Russian women now bear little more than half the number of children needed to sustain the population at current levels. In absolute terms, the number of annual births has dropped by half since reaching a high of 2.5 million in 1983. Due to Russia's rising mortality rates, fertility would need to reach 2.15 births per woman just to reach the so-called simple population replacement level. As of 1999, however, the total fertility rate stood at 1.17 births per woman. That is to say, Russian women bear an average of 1.17 children over their entire fertile life, from ages 15 to 49. Fertility would need to rise by some two-thirds to reach the replacement level.

The Goskomstat projection points to an increase in fertility to 1.7 births per woman by 2006. But this prediction seems to be based on a simple extrapolation of existing trends that does not take into account the deterioration of Russians' health. The harsh reality is that the number of women in the prime childbearing ages of 20 to 29 is falling, while the rates of sexually transmitted diseases among men and women (which affect fertility) and gynecological illnesses are both rising. The ranks of eligible parents, especially fathers, are being thinned by tuberculosis, HIV/AIDS, alcoholism, drug abuse, and other causes. Fifteen to 20 percent of all Russian families experience infertility, with males accounting for 40 to 60 percent of the cases. Even as mortality and disease take more and more young people out of the pool of potential parents, attitudes toward childbearing have changed for the worse. An estimated two-thirds of all pregnancies now end in abortions. It is hard to see how the hoped-for fertility gains will occur. A steeper decline in Russia's population seems unavoidable.

Mortality rates are also assumed to rise in the official calculation, but much less markedly than I anticipate. Some perspective on the Russian situation is provided by a comparison with the United States, which projects an average life expectancy at birth and survival rates for specific age groups that are far from the best in the world — especially among 15- to 19-year-old males, who kill themselves with drugs, alcohol, and motorcycles. But in the United States, a boy who lives to age 16 has an 88 to 90 percent chance of living to age 60. His Russian counterpart has only a 58-60 percent chance. And those chances are shrinking.

Tuberculosis is only one of the maladies whose surging incidence is not reflected in current Goskomstat projections. The disease flourishes among people weakened by HIV/AIDS, alcoholism, and poverty. Findings by the research institute of the Russian Federal Security Service project enormous numbers of deaths from tuberculosis. Whereas only 7.7 of every 100 new Russian tuberculosis victims died in 1985, the death rate is now 25.5 per 100. According to official reports, the number of tuberculosis deaths soared by 30 percent in the 1998–1999 period. The 1999 death toll of 29,000 was about 15 times the toll in the United States, or nearly 30 times greater when measured as deaths per 100,000 population in both countries. The Russian authorities also underestimate the future impact of HIV/AIDS, spread chiefly by sexual contact and intravenous drug use. Vadim Pokrovskiy of the Federal Center for AIDS Prevention, Russia's leading HIV/AIDS epidemiologist, estimates there will be five to 10 million deaths in the years after 2015 (deaths that, I believe, aren't reflected in the projections). Most of the victims will be 15 to 29 years old, and most will

be males — further diminishing the pool of potential fathers.

Moscow reported 2.5 new cases of HIV nationally per 100,000 population in 1998, but the actual rate may be five, 20, or even 50 to 100 times greater, according to Russian epidemiologists and health officials. (The U.S. HIV incidence rate was 16.7 new cases per 100,000 population in 1998.) The Baltic port city of Kaliningrad and its surrounding oblast hold the unhappy distinction of recording the highest official rate of HIV increase, at 76.9 new cases per 100,000. Moscow, however, is currently overtaking it. Some Russian demographers take comfort from the fact that their country is not entirely alone, since deaths exceed births in a number of European countries. But in countries such as Germany and Italy, the net ratio is close to 1.1 deaths to every birth. In Russia, deaths exceeded births by 929,600 in 1999, a ratio of 1.8:1. If health trends and environmental conditions are not dramatically changed for the better, Russia could see two or more deaths for every birth in the not-too-distant future.

None of this is to say that there are not some signs of improvement. Childhood vaccination rates for tuberculosis, diphtheria, whooping cough, and other diseases have risen since 1995. Vaccination for rubella (German measles), which causes birth defects when contracted by pregnant women in the first trimester, was added to Russia's prescribed immunization calendar in 1999. (However, no vaccines are produced in the country and none are yet imported; almost 600,000 cases were reported in 1999.) But the larger trends support the vision of looming demographic catastrophe. And a number of other developments also offer dark portents for the country's future rates of fertility and mortality, and for the general health of its people, especially its children.

Sexually transmitted diseases have seen incredible rates of increase during the past decade. These diseases cripple and kill, damage reproductive health, and are associated with the spread of HIV/AIDS. The causes can be traced to the explosion of pornography and promiscuity; to the growth of prostitution, notably among 10- to 14-year-old girls; and, especially, to drug abuse involving shared needles and syringes. In 1997, the Ministry of Internal Affairs estimated that the market for illegal drugs was around \$7 billion, 600 times greater than in 1991.

The Russian Ministry of Health reported 450,000 new cases of syphilis in 1997, and Goskomstat published a figure of close to 405,000. These are the last reasonably accurate statistics we are likely to have, thanks to a 1998 law that imposes prison terms on syphilitics who contract the disease through drug abuse.

Just as one would predict, the number of registered new cases of syphilis declined in 1998 and 1999. However, the explosion in new cases of HIV, and a concomitant increase in the estimated number of drug addicts, belie the latest figures on syphilis. The "epidemiological synergy" between HIV/AIDS and other sexually transmitted diseases (including gonorrhea, which is vastly under-reported) suggests not only that syphilis is more widespread than reported but that further increases in the incidence of HIV/AIDS can be expected.

The 1998 law that classified drug addicts as criminals ensured that few

addicts – a group at high risk for HIV – will seek treatment. A specialist cited in Komsomol'skaya Pravda in 1998 made this grim prediction: "We will see increased risk of complications and overdoses, the death rate among drug addicts will rise, incidence of HIV/AIDS will rise; and...the illegal market of drug-related services will begin to develop quite intensively." Smoking is a habit among an estimated 70 percent of Russian males and one-third of females, and multinational tobacco companies aim to increase their sales in the country. The World Health Organization estimates that some 14 percent of all deaths in 1990 in the Soviet Union and Eastern Europe were traceable to smoking-related illnesses; it expects that number to rise to 22 percent by 2020.

Alcohol consumption reflects an epidemic of alcoholism. Russian vodka produced for the domestic market (usually in half-liter bottles) comes with a tear-off top rather than a replaceable cork or screw top because it's assumed that the bottle, once opened, will not be returned to the refrigerator. An estimated 20 million Russians – roughly one-seventh of the population – are alcoholics. Russia's annual death toll from alcohol poisoning alone may have risen to 35,000 in 2000, as compared with 300 in the United States in the late 1990s.

Hepatitis B has sharply increased in incidence, but the sole producer of vaccines for the disease told me in Moscow that only 1.3 million doses are produced annually to meet a total demand of 13 to 14 million doses. Perhaps even more alarming in the long run are increases in the incidence of hepatitis C, an illness that chiefly attacks the liver and requires a very costly treatment protocol. The disease is often fatal.

Micronutrients are in short supply, especially iodine. No iodized salt has been produced in Russia since 1991, and little or none has been imported. In young children, iodine deficiency causes mental retardation.

Avitaminosis is common. A longitudinal study by the Institute of Nutrition of the Russian Academy of Medical Sciences finds shortages of folic acid as well as vitamins A, B complex, D, and E among 30 percent of the population. Heart disease exacts a toll, in age-standardized death rates, more than twice that in the United States and Western Europe. The death rate from such disease per 100,000 population is currently 736.1 in Russia, 267.7 in Belgium, 317.2 in the United Kingdom, and 307.2 in the United States.

Cancer is becoming more common. New cases increased from 191.8 per 100,000 population in 1990 to 200.7 in 1998. The incidence is likely to rise as a consequence of long-term exposure to low doses of radiation from decades of nuclear testing, as well as to benzo(a)pyrene, dioxin, and other industrial carcinogens. As in so many other cases, official statistics understate the problem. There is significant under-reporting of breast cancer, for example, especially among women of Muslim origin, who are reluctant to seek treatment from male doctors.

To all the foregoing challenges to the Russian future we must add a daunting collection of environmental ills. Russia will have to cope with a legacy of industrial development undertaken virtually without heed of the consequences for human health and the environment, just as it will have to contend with the consequences of decades of testing and stockpiling of nuclear, chemical, and biological weapons.

The crises that temporarily focus worldwide attention on these problems, such as the 1986 Chernobyl nuclear power plant accident, only begin to hint at their severity. The news media beamed shocking reports of the 1994 Usinsk oil spill around the world, but it was only one of 700 "major" accidents and spills (defined as those involving 25,000 barrels of oil or more) that occur every year in Russia, spreading phenols, polyaromatic hydrocarbons, and a variety of other toxic chemicals. As Victor Ivanovich Danilov-Danilyan, the former head of the State Committee on Environment, notes, these losses are equivalent to about 25 Exxon Valdez spills per month!

Radioactivity remains a continuing concern. After the 1963 Test Ban Treaty barred open-air atomic weapons testing, the nuclear powers continued to conduct underground tests. But there was an important difference in the Soviet Union. There, many of the nation's more than 100 nuclear explosions occurred in densely populated regions such as the Volga, as well as in the Urals and Yakutiya (Sakha) regions. After first denying that any of those explosions had been vented into the atmosphere, then Minister of Atomic Industry Viktor Mikhaylov later admitted that venting had occurred in 30 percent of the underground blasts.

What goes on today within the 10 formerly secret nuclear cities devoted to the development and production of nuclear weapons in Russia remains largely a mystery. Around the city of Chelyabinsk, a thousand miles east of Moscow in the Urals, some 450,000 Russians face unknown risks from a series of spills and accidents that occurred from the late 1940s to the 1960s. And area rivers may have been tainted by seepage from nuclear waste directly injected deep underground at the Krasnoyarsk, Dmitrovgrad, and Tomsk sites. Near the Tomsk-7 facility, the site of a serious nuclear accident in 1993, Russian and American environmentalists recently found evidence of phosphorous-32, a radionuclide with a half-life of only about two months. The discovery strongly suggests that radioactive wastewater used in cooling Tomsk-7's two remaining plutonium-producing plants was illegally dumped.

Chemical pollution is widespread. Even in Moscow, which is home to much heavy industry, there is evidence that pollution has caused genetic deformities in the young [see photo, facing page]. In a study of the impact of chemical, petrochemical, and machine-building industries on human health, the Russian Ministry of Health found that newborns suffered congenital anomalies at a much higher rate (108 to 152 per 10,000 births) in industrial cities than in rural localities (39 to 54 per 10,000).

Alarming cases of mercury pollution, which causes illness and birth defects, have been reported (though aggregate official data have never been published). Three years ago, 16 tons of mercury was released upriver from the major northern city of Arkhangel'sk. In Krasnoural'sk, a city in the Urals that produces car batteries, Russian and American researchers have found that 76.5 percent of the children are mentally retarded. Lead is the cause. Cadmium and arsenic are prevalent in the air and land throughout much of Russia. In the Arctic north, wind-blown heavy metal salts and other pollutants from the city of Norilsk's nonferrous metal plants have left the land barren and treeless for 75 kilometers to the southeast. Lakes and rivers everywhere are badly polluted by heavy metals dumped by industry and allowed to run off farmland. Estimates by the Yeltsin-era Ministry of Ecology and other observers suggest that only 25 to 50 percent of Russia's

fresh water is potable.

The world has not been blind to Russia's plight. By late 1998, the United States and other donors had sent more than \$66 billion in aid, according to a U.S. government estimate. The list of donors includes even South Korea, and recently officials of the European Union and the World Health Organization have recognized the need to act aggressively. But the aid has been inadequate and piecemeal, and its delivery has been hampered by corruption and inept administration. The frightening reality is that it may already be too late to help. Andrey Iliarionov, an economic adviser to President Putin, has pointed to 2003 as the year of reckoning, when the demographic crisis, the crumbling infrastructure, and the burden of massive foreign debt may combine to deal a crippling blow to Russia's remaining productive capacity ?and thus, to its ability to help itself.

Where will the money come from for all the myriad improvements needed in reproductive and child health, for tuberculosis prevention and treatment, for HIV/AIDS cocktails of protease inhibitors? Who will supply the \$400 billion needed to clean up the water supply over the next 20 years, or the \$6 billion to clean up chemical weapons storage sites, or the hundreds of billions to clean up nuclear waste? The list of needs is depressingly long, and the Russian government has not always taken the right steps to address them. Last year, for example, President Putin abolished Russia's main environmental agency, the State Committee on Environment, and transferred its responsibilities to the Ministry of Natural Resources, which is in the business of developing the country's oil and mineral reserves. And yet, despite how daunting the task may seem, and how long the odds of success, we cannot simply ignore the ruin in Russia. The United States and other nations of the world have a profound interest in helping to avert an economic and demographic Chernobyl that would give a fearful new meaning to the word meltdown.

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SUBJECT: [radyouth] [fwd: Lenin vs. Stalin]

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CC: radyouth@egroups.com (radyouth@egroups.com [UNKNOWN])

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TEXT:

Lenin & Stalin

FOR THE LENINIST far left the collapse of the USSR has thrown up more questions then it answered. If the Soviet Union really was a 'workers state' why were the workers unwilling to defend it? Why did they in fact welcome the changes?

What happened to Trotskys political revolution or bloody counter revolution? Those Leninist organisations which no longer see the Soviet Union as a workers state do not escape the contradictions either. If Stalin was the source of the problem why do so many Russian workers blame Lenin and the other Bolshevik leaders too.

The mythology of Lenin, creator and sustainer of the Russian revolution is now dying. With it will go all the Leninist groups for as the Soviet archives are increasingly opened it will become increasingly difficult to defend Lenin's legacy. The Left in the west has dodged and falsified the Lenin debate for 60 years now. Now however there is a proliferation of articles and meetings by the various Trotskyist groups trying to convince workers that Lenin did not lead to Stalin. Unfortunately much of this debate is still based on the slander and falsifications of history that has been symptomatic of Bolshevism since 1918. The key questions of what comprises Stalinism and when did Stalinism first come into practice are dodged in favour of rhetoric and historical falsehood.

Stalinism is defined by many features and indeed some of these are more difficult then others to lay at the feet of Lenin. The guiding points of Stalin's foreign policy for instance was the idea of peaceful co-existence with the West while building socialism in

the USSR (socialism in one country). Lenin is often presented as the opposite extreme, being willing to risk all in the cause of international revolution. This story like many others however is not all it seems. Other points that many would consider characteristic of Stalinism include, the creation of a one party state, no control by the working class of the economy, the dictatorial rule of individuals over the mass of society, the brutal crushing of all workers' action and the use of slander and historical distortion against other left groups.

SOCIALISM IN ONE COUNTRY

The treaty of Brest-Livtosk of 1918, which pulled Russia out of World War I, also surrendered a very large amount of the Ukraine to the Austro-Hungarians. Obviously, there was no potential of continuing a conventional war (especially as the Bolsheviks had used the slogan peace, bread, land to win mass support). Yet, the presence of the Makhnovist movement in the Ukraine, clearly demonstrated a vast revolutionary potential among the Ukrainian peasants and workers. No attempt was made to supply or sustain those forces which did seek to fight a revolutionary war against the Austro-Hungarians. They were sacrificed in order to gain a respite to build socialism in Russia.

The second point worth considering about Lenin's internationalism is his insistence from 1918 onwards, that the task was to build state capitalism, as If we introduced state capitalism in approximately 6 months' time we would achieve a great success...(1) He was also to say Socialism is nothing but state capitalist monopoly made to benefit the whole people. (2) This calls into question Lenin's concept of socialism.

ONE PARTY STATE

Another key feature many would associate with Stalinism was the creation of a one party state, and the silencing of all opposition currents within the party. Many Trotskyists will still try to tell you that the Bolsheviks encouraged workers to take up and debate the points of the day, both inside and outside the party. The reality is very different for the Bolsheviks rapidly clamped down on the revolutionary forces outside the party, and then on those inside that failed to toe the line .

In April 1918 the Bolshevik secret police (The Cheka) raided 26 Anarchist centres in Moscow. 40 Anarchists were killed or injured and over 500 imprisoned (3). In May the leading Anarchist publications were closed down(4). Both of these events occurred before the excuse of the outbreak of the Civil War could be used as a 'justification'. These raids occurred because the Bolsheviks were beginning to lose the arguments about the running of Russian industry.

In 1918 also a faction of the Bolshevik party critical of the party's introduction of 'Talyorism' (the use of piece work and time & motion studies to measure the output of each worker, essentially the science of sweat extraction) around the journal Kommunist were forced out of Leningrad when the majority of the Leningrad party conference supported Lenin's demand that the adherents of Kommunist cease their separate organisational existence. (5)

The paper was last published in May, silencedNot by discussion, persuasion or compromise, but by a high pressure campaign in the Party organisations, backed by a barrage of violent invective in the party press.... (6) So much for encouraging debate!!

A further example of the Bolsheviks 'encouraging debate' was seen in their treatment of the Makhnovist in the Ukraine. This partisan army which fought against both the Ukrainian nationalists and the White generals at one time liberated over 7 million people. It was led by the anarchist Nestor Makhno and anarchism played the major part in the ideology of the movement. The liberated zone was ran by a democratic soviet of workers and peasants and many collectives were set up.

ECHOS OF SPAIN

The Makhnovists entered into treaties with the Bolsheviks three times in order to maintain a stronger united front against the Whites and nationalists. Despite this they were betrayed by the Bolsheviks three times, and the third time they were destroyed after the Bolsheviks arrested and executed all the delegates sent to a joint military council. This was under the instructions of Trotsky! Daniel Guerin's description of Trotsky's dealings with the Makhnovists is instructive. He refused to give arms to Makhno's

partisans, failing in his duty of assisting them, and subsequently accused them of betrayal and of allowing themselves to be beaten by white troops. The same procedure was followed 18 years later by the Spanish Stalinists against the anarchist brigades(7)

The final lid was put on political life outside or inside the party in 1921. The 1921 party congress banned all factions in the communist party itself. Trotsky made a speech denouncing one such faction, the Workers Opposition as having placed the workers right to elect representatives above the party. As if the party were not entitled to assert its dictatorship even if that dictatorship temporarily clashed with the passing moods of the workers democracy. (8)

Shortly afterwards the Kronstadt rising was used as an excuse to exile, imprison and execute the last of the anarchists. Long before Lenins death the political legacy now blamed on Stalin had been completed. Dissent had been silenced inside and outside the party. The one party state existed as of 1921. Stalin may have been the first to execute party members on a large scale but with the execution of those revolutionaries outside the party and the silencing of dissidents within it from 1918 the logic for these purges was clearly in place.

THE WORKING CLASS UNDER LENIN

Another key area is the position of the working class in the Stalinist society. No Trotskyist would disagree that under Stalin workers had no say in the running of their workplaces and suffered atrocious conditions under threat of the state's iron fist. Yet again these conditions came in under Lenin and not Stalin. Immediately after the revolution the Russian workers had attempted to federate the factory committees in order to maximise the distribution of resources. This was blocked, with Bolshevik 'guidance', by the trade unions.

By early 1918 the basis of the limited workers control offered by the Bolsheviks (in reality little more than accounting) became clear when all decisions had to be approved by a higher body of which no more than 50% could be workers. Daniel Guerin describes the Bolshevik control of the elections in the factories elections to factory committees continued to take place , but a member of the Communist cell read out a

list of candidates drawn up in advance and voting was by show of hands in the presence of armed 'Communist' guards. Anyone who declared his opposition to the proposed candidates became subject to wage cuts, etc.(9)

On March 26th 1918 workers control was abolished on the railways in a decree full of ominous phrases stressing iron labour discipline and individual management. At least, say the Trotskyists, the railways ran on time. In April Lenin published an article in Isvestiya which included the introduction of a card system for measuring each workers productivity. He said ..we must organise in Russia the study and teaching of the Talyor system. Unquestioning submission to a single will is absolutely necessary for the success of the labour process...the revolution demands, in the interests of socialism, that the masses unquestioningly obey the single will of the leaders of the labour process (10) Lenin declared in 1918. This came before the civil war broke out and makes nonsense of the claims that the Bolsheviks were trying to maximise workers control until the civil war prevented them from doing so.

With the outbreak of the Civil War things became much worse. In late May it was decreed that no more than 1/3 of the management personnel of industrial enterprises should be elected.(11) A few highlights of the following years are worth pointing out. At the ninth party congress in April of 1920 Trotsky made his infamous comments on the militarization of labour the working class...must be thrown here and there, appointed, commanded just like soldiers. Deserters from labour ought to be formed into punitive battalions or put into concentration camps(12) The congress itself declared no trade union group should directly intervene in industrial management. (13)

ONE MAN MANAGEMENT

At the trade union congress that April, Lenin was to boast how in 1918 he had pointed out the necessity of recognising the dictatorial authority of single individuals for the purpose of carrying out the soviet idea. (14) Trotsky declared that labour..obligatory for the whole country, compulsory for every worker is the basis of socialism(15) and that the militarisation of labour was no emergency measure(16). In War Communism and Terrorism published by Trotsky that year he said The unions should discipline the workers and

teach them to place the interests of production above their own needs and demands. It is impossible to distinguish between these policies and the labour policies of Stalin.

WORKERS REVOLTS

Perhaps the most telling condemnation of the Stalinist regimes came from their crushing of workers' revolts, both the well known ones of East Berlin 1953, Hungary 1956 and Czechoslovakia in 1968 and scores of smaller, less known risings. The first such major revolt was to happen at the height of Lenins rule in 1921 at Kronstadt, a naval base and town near Petrograd. The revolt essentially occurred when Kronstadt attempted to democratically elect a Soviet and issued a set of proclamations calling for a return to democratic soviets and freedom of press and speech for socialist parties.(17)

This won the support of not only the mass of workers and sailors at the base but of the rank and file of the Bolshevik party there as well. Leninist response was brutal. The base was stormed and many of the rebels who failed to escape were executed. Kronstadt had been the driving force for the revolution in 1917 and in 1921 the revolution died with it.

There are other commonly accepted characteristics of Stalinism. One more that is worth looking at is the way Stalinist organisations have used slander as a weapon against other left groups. Another is the way that Stalin re-wrote history. Yet again this is something which was a deep strain within Leninism. Mharko for example went from being hailed by the Bolshevik newspapers as the Nemesis of the whites(18) to being described as a Kulak and a bandit .

SLANDER

Modern day Trotskyists are happy to repeat this sort of slander along with describing Mharko as an anti-Semite. Yet the Jewish historian M. Tchernikover says It is undeniable that, of all the armies, including the Red Army, the Makhnovists behaved best with regard to the civilian population in general and the Jewish population in particular.(19)

The leadership of the Makhnovists contained Jews and for those who wished to organise in this manner there were specific Jewish detachments. The part the

Makhnovists played in defeating the whites has been written out of history by every Trotskyist historian, some other historians however consider they played a far more decisive role than the Red Army in defeating Wrangel(20).

Kronstadt provides another example of how Lenin and Trotsky used slander against their political opponents. Both attempted to paint the revolt as being organised and led by the whites. Pravda on March 3rd, 1921 described it as "A new White plot"

Lenin in his report to the 10th party congress on March 8th said "White generals, you all know it, played a great part in this. This is fully proved. (21)"

Yet even Isaac Deutscher, Trotsky's biographer said in the Prophet armed The Bolsheviks denounced the men of Kronstadt as counter-revolutionary mutineers, led by a White general. The denunciation appears to have been groundless(22).

RE-WRITING HISTORY

Some modern day Trotskyists repeat such slander others like Brian Pearce (historian of the Socialist Labour League) try to deny it ever occurred. No pretence was made that the Kronstadt mutineers were White Guards(23). In actual fact the only czarist general in the fort had been put there as commander by Trotsky some months earlier! Let's leave the last words on this to the workers of Kronstadt Comrades, don't allow yourself to be misled. In Kronstadt, power is in the hands of the sailors, the red soldiers and of the revolutionary workers (24)

There is irony in the fact that these tactics of slander and re-writing history as perfected by the Bolsheviks under Lenin were later to be used with such effect against the Trotskyists. Trotsky and his followers were to be denounced as Fascists and agents of international imperialism. They were to be written and air-brushed out of the history of the revolution. Yet to-day his followers, the last surviving Leninists use the same tactics against their political opponents.

The intention of this article is to provoke a much needed debate on the Irish left about the nature of

Leninism and where the Russian revolution went bad. The collapse of the Eastern European states makes it all the more urgent that this debate goes beyond trotting out the same old lies. If Leninism lies at the heart of Stalinism then those organisations that follow Lenins teaching stand to make the same mistakes again. Anybody in a Leninist organisation who does not take this debate seriously is every bit as blind and misled as all those communist party members who thought the Soviet Union was a socialist country until the day it collapsed.

1. V.I. Lenin Left wing childishness and petty-bourgeois mentality, h2. V.I. Lenin The threatening catastrophe and how to fight it, u3. M. Brinton The Bolsheviks and workers control page 38 4. M. Brinton page 38, 5. Brinton, page 39, s 6. Brinton, page 40, t 7. D. Guerin Anarchism, page 101, r8. Brinton, page 78, i 9. Guerin, page 91, 10. Brinton, page 41, 11. Brinton, page 43, 12. Brinton, page 61, o13. Brinton, page 63, f14. Brinton, page 65, 15. 1981 for politic a, 16. I. Deutscher, The Prophet Armed pages 500-07, 17. Ida Mett, The Kronstadt Uprising, page 38, 18. A. Berkman, Nestor Makhno, page 25, 19. quoted by Voline The Unknown Revolution, page 572, 20. P. Berland, Mhakhno, Le Temps, 28 Aug, 1934, 21. Lenin, Selected Works, vol IX, p. 98, 22. Deutscher, The Prophet Armed, page 511. 23. Labour Review, vol V, No. 3. 24. I. Mett, page 51.

ON QUOTES AND MISQUOTES

The problem when writing an article covering this period of history is where you select your quotations from. Both Lenin and Trotsky changed their positions many times in this period. Many Leninists for example try to show Lenin's opposition to Stalinism by quoting from State and Revolution (1917). This is little more than deception as Lenin made no attempt to put the program outlined in this pamphlet into practise. In any case it still contains his curious conception of Workers control.

I have only used quotes from the October revolution to 1921 and in every case these quotes are either statements of policy, or what should be policy at the time. As socialists are aware governments in opposition may well say Health cuts hurt the old, the sick and the handicapped. It is however in power that you see their real programme exposed.

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Anarchist FAQ - <http://www.anarchistfaq.org>

"[t]here were never theoreticians of Anarchism as such, [a] writer comes along and writes down what has already been worked out in practice by workers and peasants [and womyn]; he/she is attributed by bourgeois historians as being a leaders, and by successive bourgeois historians as being a leader, and by successive bourgeois writers (citing the bourgeois historians) as being one more case that proves the working class relies on the bourgeois leaders." - Albert Meltzer

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Johnson's Russia List

#5025

14 January 2001

davidjohnson@erols.com

[Note from David Johnson:

1. Los Angeles Times: Gregory Freidin, Putin's Governing Style:

One From Column A, One From B.

2. UPI: Russian leftists support Putin, pledge cooperation.

3. New York Times: Excerpts From the Interview With President-Elect George W. Bush.

4. New York Times: In His First Days, Bush Plans Review of Clinton's Acts. (excerpt)

5. AFP: Monitors head for Chechnya to probe Russian rights abuses.

6. The Observer (UK): Amelia Gentleman, Forgotten ghosts of the gulag.

A museum recalls a cruel regime the Russians would prefer to ignore, while a new authoritarianism looms.

7. Literaturnaya gazeta: Aleksandr Tsipko, He could not say 'Fire.'

Gorbachev's Perestroika: Necessity or Moral Choice?

8. Newsweek Online: Christian Caryl, Kidnapped in Chechnya.

The abduction of an American aid worker underscores growing Russian doubts about its war against the republic.

9. Erin Powers: 3 new PONARS publications.

10. The Analyst: Chris Aslan, UZBEKISTAN WATCHES BIG BROTHER RUSSIA.

And comment by Ira Straus, Freedom versus Independence: Why Uzbeks are turning to Russian TV for news and for Western ways.]

#1

Los Angeles Times

January 14, 2001

Putin's Governing Style: One From Column A, One From B

By GREGORY FREIDIN

Gregory Freidin Is a Professor and Chairman of the Slavic Department, Stanford University. he Is Collaborating, With Victoria E. Bonnell, on a Book, "Conjuring up Russia: Symbols and Rituals of the New Russian State."

STANFORD--A year since his ascension to Russia's presidency, first as acting president and, since March, the country's elected leader, both Vladimir V. Putin and Russia stand disenchanted and diminished before the world and their own battered countrymen.

True, industrial growth has resumed in Russia and incomes are rising, but whether this economic uptick is due more to skyrocketing oil prices--Russia is a major exporter--or efficiency remains to be seen. Even under the favorable conditions of the last months of 2000, inflation has stayed at roughly 20%. Both infant mortality and poverty have declined, though about one-third of the country's population live below the official poverty line. Foreign investment has increased, yet it is still miniscule compared with the Soviet Union's former socialist vassals, Poland and Hungary. Despite efforts at improving the legal framework for doing business in Russia and the introduction of a flat income tax, capital flight is on the increase. The country's hard-currency reserves have swelled, giving the government a basis for claiming Russia's solvency, but the good news is tempered by the dangerous toying with default on its mountain of debt to the Paris Club.

The much advertised strengthening of federal power in the regions, which grew into independent fiefdoms while former President Boris N. Yeltsin was fighting communists in Moscow, has produced mixed results, at best. It has failed most visibly in the Russian Far East Maritime Province, where Gov. Yevgeny Nazdratenko's notorious misrule continues unchecked. The guerrilla war in Chechnya has grown into a chronic condition, with every week marked by an assassination of another government official, another prominent spokesman for conciliation or some other brutal terrorist act.

Under these circumstances, it should come as a surprise that Putin's popularity is still high (68% to 70%), due largely to increases in pensions and government salaries. The rest of Putin's initiatives are barely scraping by. According to the polls conducted by the authoritative All-Russian Center for Public Opinion, only 3% are disposed favorably toward his judicial reforms, and 16% approve of his diplomatic activity. The same population considers as the most memorable event of the year, not the presidential elections or Putin's reforms, but the Kursk tragedy, the grossly mishandled catastrophe of Russia's most modern nuclear submarine.

Most remarkable, after a year of Putin's stewardship, nobody can figure out who he really is. While 21% think him a "patriot"--that is, a politician not beholden to foreign interests--roughly the same number believe him to be a "democrat," a term identified with the liberal reformers of the Yeltsin era and not the most popular political label in today's Russia. A barely noticeable sprinkling of citizens, 3% to 4%, recognize him, alternatively, as a social democrat, a liberal or a conservative. The biggest group of all, fully one-third of the country, believe him to be a statist, an advocate of a strong, paternalistic state. A little under one-third confess to having

absolutely no idea what part of Russia's political spectrum their president identifies with.

Seen from the outside, the picture, too, is fragmented and contradictory. Apparently an advocate of a monetarist, liberal economic policy, including the reduction of marginal tax rates to a level (13%) that other tax havens can only dream of, Putin is selectively sentimental about Russia's communist past and has gone to great lengths to have Josef Stalin's old hymn become new Russia's official anthem. He has been playing footsie with Iraqi President Saddam Hussein; is reportedly ready to sell missiles, attack submarines and nuclear-powered equipment to Iran; has declared his intentions for going steady with Cuba; and advocated regional alliances with India and China. But at the same time, Putin swears by Russia's partnership with the United States, sees Russia as a natural part of the new Europe and recites his mantra welcoming foreign investment in Russia every time he visits one of the G-7 nations.

On a first-name basis with Prime Minister Tony Blair and celebrating a family Christmas with German Chancellor Gerhard Schroeder and his wife, the wannabe new European Putin has been quite open about his distaste for political opposition and an independent press. At one point, he stooped so low as to blame the Kursk submarine disaster last August on the Russian media. Regardless of his protestations abroad, his carefully calibrated attacks on the press have emboldened the prosecutor general's office, an old Soviet establishment of Stalinist vintage, to go on fishing expeditions against the country's major media organizations. Media mogul Vladimir A. Gusinsky aside, the media-chill factor can be measured by the absence of a single probing, not to say hostile, question from any Russian journalist at Putin's press conferences. These and similar signals that Putin has been sending to the Soviet-era bureaucracies have encouraged the old guard to such an extent that members of the anticommunist opposition among the intellectuals feel they have nothing left to do but clench their teeth and throw up their hands.

Is Putin, then, an authoritarian wolf in sheep's clothing, a Gen. Augusto Pinochet with a human face, as many commentators have suggested? Perhaps. Still, even this comforting Cold War picture does not square with his achievements: strengthening the judiciary, especially, the courts (the salaries of Russia's judges have been increased sufficiently for them not to have to resort to "outside income"); reducing the size of government and the opportunities for chicanery (a flat tax of 13% and rationalizing customs duties is a real blow against government corruption); serious efforts toward restoring a balance between federal and local power in the regions; cutting army personnel and introducing fundamental military reform meant to transform the huge Soviet-era imperial military machine into a small and affordable modern force.

Is it not possible, then, to understand Putin by reason alone? It is, indeed, if we use an interpretive scheme of a postmodern kind. There is no better example than Putin's most recent legislation on state symbolism,

overwhelmingly approved by Russia's parliament. Those symbols are the classic 15th-century double-headed eagle of the Muscovite czars, the 18th-century Westernized Imperial tricolor--both adopted by Yeltsin by decree--and a Stalinist anthem, which caused chagrin among Russia's anticommunist intellectuals. If that were not enough, the armed forces, the least reformed element of the new Russian state, have been allowed to keep their red banner and the appellation "comrade."

This combination of symbols doesn't quite make sense. But if we look at the set as one of those postmodern architectural concoctions, the picture begins to add up to something comprehensible. Imagine Putin's Russia as a postmodern building. Its base is borrowed from a staid, neoclassical Wall Street tradition. On top of it is a modern European structure crowned by a spire taken from a baroque Stalinist skyscraper. Atop the spire is the double-headed eagle flying the Western democratic tricolor, along with the red banner that once flew over the Kremlin and at the end of World War II over the German Reichstag. Concealed inside the eagle is an MP3 player blaring out the old Soviet anthem, praising this time, not Lenin and Stalin, but Russia under God.

Putin's Russia may be short on coherence, but in the postmodern, post-ideological, triangulated world, a menu is enough of a system.

#2
Russian leftists support Putin, pledge cooperation

MOSCOW, Jan. 13 (UPI) -- A new Russian leftist movement held its first meeting Saturday, pledging to build "modern socialism" while being loyal to President Vladimir Putin, the privately-owned NTV television network reported.

Rossiia movement, founded half a year ago and headed by State Duma speaker Gennady Seleznyov, convened Saturday to oversee the results achieved between the two sessions and define its future goals.

Seleznyov, who on Saturday easily won a re-election as chairman of the movement, addressed more than 500 delegates and as many guests. He spoke of Rossiia as an expanding organization with 600,000 members and movement branches in 88 Russian regions.

Invitations had been sent to Putin and Communist Party chief Gennady Zyuganov, but both failed to appear.

Putin sent a written message of congratulations, saying that the movement "undertakes to solve an extremely serious task of protecting the working people."

Zyuganov did not come to the congress, sending instead Duma deputy Viktor Zorkaltsev as the Communist Party's official representative. Zyuganov's absence could have been predicted as the chief of Russia's leftist hardliners does not approve of Seleznyov's political initiative, accusing him of causing a rift among the once-united leftist forces.

At a recent Communist Party congress, Zyuganov said that the party would move into "irreconcilable opposition" to the Kremlin, a stance not shared by Rossiya.

"The support that the president enjoys from Russia's population is a fact that all political forces in the country have to bear in mind," said Seleznyov.

Seleznyov welcomed some of the positive changes that have taken place in Russia since Putin was elected president on March 26 last year. Seleznyov, himself a member of the Communist party, pledged to cooperate with the president, adding that he did not intend to burn the bridges that connect his movement with Zyuganov's Communists and other leftist organizations "working to the benefit of the people."

Among the major goals Rossiya intends to pursue, Seleznyov singled out better social security for pensioners, faster implementation of Russia's union with neighboring Belarus and an effort to rally support of Russia's other leftist movements to form a coalition that would try to get its representation in the lower house of parliament, the State Duma, when the next general election is held in 2003.

The Communists enjoyed a majority in the parliament during former President Boris Yeltsin's 8-1/2 years in office. They often stalled economic reform by opposing the Yeltsin government's law-making initiatives when they disapproved of the former president's policies.

In December 1999, Russian voters dealt the Communists a crushing blow at the polls, depriving them of the majority and instantly diminishing their role in the parliament. Moreover, the emergence of Putin marked the beginning of a fruitful cooperation between the Kremlin and the Duma; in 2000, the parliament passed into law virtually all bills proposed by the president.

#3

New York Times

January 14, 2001

Excerpts From the Interview With President-Elect George W. Bush

.....

Q. Would you go ahead even if it looked like the Chinese would build up their nuclear forces [to overwhelm the missile defense system]?

A. They are building up their nuclear forces. . . .

Q. But right now, they are nowhere near what Russia, for example, has deployed. . . .

A. Correct. But nevertheless . . . Russia's nuclear force load is decreasing.

They [China] are increasing. And we've just got to explain why we are doing what we are doing. National missile defense is ??? let me start over. . . .

The

Chinese know and the Russians know that there will be no system developed in the immediate future or foreseeable future, is a better word, that can conceivably intercept a multiple launch regime. . . . You know that. They know that. . . . I'm kind of rambling on here. But I thought it was very interesting when at some point [Russian President Vladimir V.] Putin said, "You start talking about interception on the launch and theater-based protections." I found that to be an interesting statement. When I ever visit, I look forward to exploring that discussion with him, because it's precisely what I told [Russian Foreign Minister Igor S.] Ivanov in my meeting with him prior to the election.

And they've raised great objections about missile defense, but I explained to them that I understand that the technology and the will, for that matter, of some in Congress will really mean that initially we will be deploying systems that will prevent the accidental launch of the ones and twos, with the ability for some nation like Iran to eventually say to us, "And we've got one aimed at Israel. And what are you going to do about it? . . . "

One thing I did talk about in the campaign that hasn't gotten much focus is our willingness to reduce our own nuclear capacity, to reduce the offensive nature of our inventory and enhance the defensive posture of America.

Q. Did that issue come up in your Pentagon discussions?

A. No, it didn't, interestingly enough.

Q. How low do you think you could bring the American arsenal?

A. That's what we are going to find out. I'm going to make our case to parties involved. . . . I have said that one of our top priorities with Russia is to work with them on the spread of technologies, as well as nuclear safety. . . . I also have said it's going to be up to Russia to decide whether or not it is a place for ??? it's a welcoming place for our capital. They have to make the decisions on matters of real law and sound accounting principles. They have to assure capital that it is a safe haven. That you can get a reasonable rate of return. That's up to Russia.

Q. Are they heading in the wrong direction on that?

A. Well, you mean in terms of, for example, stifling free press? Yeah, that concerns me. As much as I'd like to stifle it occasionally. [Laughter.] He [Putin] has pledged to root out corruption. I think that's going to be a very important part, but it's his choice to make. That's the point I'm trying to

make. It's hard for America to fashion Russia. . . .

Q. If you look back now at Russia, Mexico, the Asia crisis, clearly there will be financial crises in your time as president.

A. Absolutely. Yeah, particularly if our own economy continues to sputter.

. . . As I understand, part of the issue in Russia was we kind of encouraged them to raise taxes on a system that people were avoiding taxes to begin with, and then the tax load became so unbearable that it was impossible to pay, as opposed to restructuring taxes, to have low taxes that would really encourage growth and more tax revenues into the economy. . . .

The I.M.F. at times has made kind of decisions that really have affected growth of economies and really have been clobbered savers and the middle class. The other thing I think the I.M.F. can do a better job of is anticipating issues. The problem is that that's easy to say, but I also recognize that globalization causes capital just to stampede throughout the world now like never before....

#4
New York Times
January 14, 2001
In His First Days, Bush Plans Review of Clinton's Acts
By DAVID E. SANGER and FRANK BRUNI

....
Mr. Bush was dismissive of the Clinton administration's eight-year-long use of direct financial aid to Russia, part of a broad Western effort to coax the country toward a market economy. He suggested he would try to stop the money -- except for that used to dismantle nuclear weapons -- until Vladimir V. Putin, the Russian president, cleaned up corruption and enacted far-reaching economic and legal reforms.

"It's hard for America to fashion Russia," Mr. Bush said. "It just seems like to me that we don't want to be lending money and/or encourage the lending of money into a system in which the intention of the capital is never fulfilled," he said. "The intent of the capital was to encourage entrepreneurship and growth and markets."

According to the General Accounting Office, the United States has spent roughly \$2.3 billion since 1992 promoting democracy, the rule of law and market reforms in Russia, but the annual disbursements have tailed off steeply since the Russian financial crisis of 1998. The International Monetary Fund and the World Bank, institutions in which the United States is the largest single shareholder, have issued loans to Russia over the same

period worth approximately \$30 billion....

His comments on Russia, if converted into policy, could lead to a fundamental change in the way the United States seeks to influence the behavior of a nation that was once its chief superpower rival ? ? ? and it risks heightening suspicions in Russia of how America is leveraging its economic and military power....

#5
Monitors head for Chechnya to probe Russian rights abuses

NAZRAN, Russia, Jan 14 (AFP) -
Monitors from the Council of Europe flew to the north Caucasus Sunday to probe Russia's human rights record in Chechnya amid fears that rebels would seek to provoke military reprisals during the visit.

The delegation from the Council's parliamentary assembly (PACE), headed by Lord Frank Judd, departed from Moscow shortly after 12 noon (0900 GMT) on a four-day mission to gather information ahead of a key debate at the 41-nation assembly.

The monitors are to draw up a report for the Strasbourg-based assembly's winter session, scheduled for January 22-26, which is set to debate whether to reinstate Russia's voting rights, suspended last April because of the Chechen conflict.

The PACE team was due to hold talks later Sunday with President Vladimir Putin's special human rights envoy to Chechnya, Vladimir Kalamonov, in the southern Russian city of Stavropol before travelling into Chechnya on Monday.

Kalamonov said Sunday that Lord Judd and his colleague Germany's Rudolf Bindig would get "a complete picture" of conditions in Grozny and the Chernokozovo detention camp where alleged atrocities prompted the Russian voting suspension.

"I hope that the results of the improving situation during the past year will have some influence on the parliamentary assembly, whose decision last April was wrong, in my opinion," Kalamonov told the private NTV television channel.

Judd told reporters at Moscow airport he would be assessing "the division of responsibility between the military and civilian authorities" in Chechnya, "to see how accountability works."

The PACE visit comes at a time of heightened tension in Chechnya following

last Tuesday's kidnapping of Kenny Gluck, a US aid worker with the Nobel prize-winning charity Medecins Sans Frontieres (Doctors Without Borders).

Putin discussed Gluck's abduction by four masked gunmen at a meeting Saturday in the Kremlin with the head of the pro-Moscow administration in Chechnya, Akhmad Kadyrov.

After the meeting, Kadyrov sought to relieve official pessimism over the chances of the American's early release by highlighting measures being taken by his staff to discover the whereabouts of the kidnappers and their victim.

"I have activated my own information channels. I believe that he (Gluck) will be freed. Maybe, the kidnappers will suggest either a ransom or a swap," Kadyrov was cited as saying by ITAR-TASS after the Kremlin meeting.

Lord Judd said Sunday that the Gluck case highlighted the dangerous conditions and harassment which many aid workers encountered in the troubled Caucasus region, Interfax reported.

"Whoever is responsible for this crime, what is clear is that such actions undermine the efforts of nongovernmental humanitarian aid organisations," he said before leaving for Stavropol.

Meanwhile in Chechnya, military sources said separatist rebels were stepping up anti-Russian propaganda and preparing to carry out armed actions during the PACE delegation's visit in a bid to provoke a military clampdown.

"The rebels are hoping that these actions will provoke a sharp response by the military that will hurt civilians, so that the PACE representatives will register human rights violations," Interfax cited pro-Russian sources as saying.

Seven Russian troops had been killed and at least 10 others wounded in fighting after a military truck hit a rebel landmine, the press service of Chechen separatist president Aslan Maskhadov told AFP Sunday.

The Russian soldiers, who were members of the interior ministry's elite OMON unit were killed in a shootout late Friday on the outskirts of the nominal capital Grozny.

Russia has been fighting a 15-month war against the rebels in Chechnya since launching a self-styled "anti-terrorist" operation in the troubled republic on October 1, 1999.

It became the first member in the Council of Europe's 50-year history to be stripped of its voting rights last April because of human rights abuses committed by its troops in the breakaway republic.

#6

The Observer (UK)

14 January 2001

Forgotten ghosts of the gulag

A museum recalls a cruel regime the Russians would prefer to ignore, while a

new authoritarianism looms

Amelia Gentleman in Moscow

The most dangerous political prisoners in the Soviet Union were incarcerated

in Perm 36 - those guilty of repeated anti-Soviet activity, those who persisted in holding unorthodox views. Built in the remote forests of the Urals, the maximum-security forced labour camp consisted of a few sheds surrounded by circles of barbed wire, with three armed guards for every prisoner inside.

Despite its appearance, the prison does not date back to Stalin's harsh ideological repressions of the 1930s. A forgotten feature of Russia's very recent history, Perm 36 was the USSR's last political camp and thrived under Mikhail Gorbachev's administration, imprisoning independent thinkers until the late 1980s.

Last week an exhibition dedicated to the gulag opened in Moscow, organised by activists who hope to force Russia's population to shake off its indifference and confront an aspect of its past that most would rather ignore.

Photographs of the camp show stark isolation cells and the exercise chambers, no more than four steps wide, where prisoners paced in circular motion for 40 minutes a day. Organisers have strived to enlighten visitors about the brutal punishment faced by dissidents as recently as 14 years ago.

The day after it opened, the gallery was empty. 'People don't want to remember the crimes of the Soviet Union. Most people are bored or even irritated by attempts to remind them,' said Yury Samodurov, director of the Sakharov Centre, where the exhibition is on show. 'Very few people have any idea that this kind of political camp existed in the 1980s. Many simply don't want to know.'

The small camp was opened amid much secrecy in 1972, as politicians cracked down on a perceived new wave of anti-Communist activity.

Within the barbed-wire confines there were two separate prisons: the Strict Regime, for people convicted of anti-Soviet agitation and propaganda, and the Special Regime, far harsher than its neighbour, for repeat offenders - who were classified as 'Particularly Dangerous State Prisoners'. Most of them were writers, poets, dissidents or priests.

It was closed in 1987, when the liberalisation of Gorbachev's regime made its existence untenable - not least because many of the prisoners had been arrested for articulating views close to those being adopted by Gorbachev himself.

Lev Timofeyev, an academic, was one of the Soviet Union's last political prisoners. He was arrested in 1985, apparently incriminated by the novels and academic research he published abroad. 'There was nothing particularly revolutionary about my work, but much of it embodied a straightforward contradiction of Soviet doctrines. I was accused in court of slandering the Soviet people,' he said.

As a first-time offender, he spent the first six months of his sentence in the relatively relaxed barracks existence of the Strict Regime. Later - as a result of unsatisfactory performance in regular interviews with the KGB officials who ran the camp - he was transferred to the isolation wing.

'They wanted some kind of admission of guilt or a commitment to renounce my views. They told me "we want to make you into a Soviet man" - saying it as if they wanted to present me with an award. But once they understood they weren't going to transform me, they sent me to the punishment cells.'

The political prisoners were allowed to receive newspapers and some books. 'I spent eight hours every day assembling electrical parts. During the evening I translated the poems of Robert Frost. My translations were confiscated - they were suspicious of paper,' he said.

Conditions inside were not so dire that people perished - as hundreds of thousands of gulag internees did during Stalin's repressions -- but several were driven to suicide by the austerity of their existence. To counter the monotony of the gruel diet, inmates boiled nettles and drank the juice, hoping it would provide extra nourishment.

Despite the vast unpopulated expanse of land beyond the prison fences, there was little space inside the camp, and prisoners were oppressed by claustrophobia. 'I didn't realise, until I returned a few years ago, how beautiful the landscape there is,' Timofeyev said. 'It wasn't simply that we

didn't know what was beyond the fence, we were prohibited from trying to find out. One of the inmates was sent to solitary confinement for pausing on top of the slag heap as he deposited ash to look at the view.' Timofeyev welcomed the initiative to reawaken awareness of Russia's recent history - particularly in the context of the tens of millions of people who died in camps throughout the Soviet era - but was sceptical about its chance of success.

'Although we campaigned for one, there has never been a trial of the Communist Party for its crimes - partly because the political process of reform was conducted by those people who imprisoned me,' he said. 'Germany experienced a wholesale denial of Fascism, after the war. This has never happened here, so people remain unwilling to focus on the guilt of the old regime. It's easier to forget about it.' Author Leonid Borodin, who spent five years in the harsher quarters of the Special Regime, said Russians should not be blamed for their lack of interest. 'People are struggling with so many other problems, they don't have time to be weighed down by the past. Conditions in most Russian prisons today are in any case far worse.'

Perm 36 was bulldozed by the KGB after closure to prevent it from becoming a pilgrimage spot. Volunteers recently rebuilt it and opened Russia's first gulag museum, in tribute to the victims of political repression. But because the country remains in denial about this aspect of its past, the museum has not attracted anything like the number of visitors to German camp memorials.

Director Victor Shmirov said it was urgent to inform people. 'We have to confront people's indifference, especially now when we are seeing a revival of authoritarian tendencies in the Kremlin,' he said.

'People have such short memories and are thirsting again for strong government. They have forgotten what this can lead to; we have to remind them.'

#7
Literaturnaya gazeta
20-26 December 2000
[translation for personal use only]
He could not say 'Fire'
Gorbachev's Perestroika: Necessity or Moral Choice?
By Aleksandr Tsipko

At the time everyone was amazed that Gorbachev, answering questions, spoke out about treachery, about all those who moved against him in August 1991, and about those members of his team who without a trace of shame went over to Yeltsin on the eve of his resignation at the end of December 1991.

Lunch, in close compliance with Russian tradition, flowed smoothly into supper and discussion found its way to the problems of the Russian Intelligentsia. Incidentally, it is probably only the Japanese who demonstrate such meticulous interest in everything connected with the culture and spirit of those who, with enviable tenacity, conduct our endless revolutions. This time, as I said, conversation focused on the Soviet intelligentsia. Gorbachev simply could not comprehend why people who he considered his co-visionaries, for whom he had literally done everything-freed them from censorship, special commissions and prosecution for speech, and opened the border to them-had betrayed him and, moreover, had come to despise him.

It was here at dinner that he made the prophetic statement, "They preferred me to Yeltsin, but they will be able to leach off of him. He is no democrat." Gorbachev spoke long about the intelligentsia's extremism and Russian impatience that spoiled the country's restructuring [perestroika].

Then we, Gorbachev's people and Daisaku Ikeda's people, decided that we needed to keep our bosses' philosophical discussion going and, if anything comes of it, to write a book.

At present many consider Gorbachev a has-been, particularly after his involvement in the 1996 presidential elections. The members of the young generation are in no position to evaluate Gorbachev, since they do not know what it means to live behind an "iron curtain," at a time when much was forbidden. Even the middle-aged and elder generations of Soviet intelligentsia have begun to forget their former fears, which had stifled their spirit and conscience. However, before long, Gorbachev will retake his place on a pedestal as one of the great Russian reformers.

Why was it that possessing boundless and irrevocable power, he began, of his own free will, to break the Soviet system, as if breaking the very branch he was perched upon? Perhaps Gorbachev did not understand what he was doing and did not see all the risks to society as a whole arising from the democratization of the party. What, in fact, were his personal motives in Perestroika?

These are questions, which quite recently disturbed all those for whom Perestroika was a wonder that had appeared out of the blue. The book "Moral Lessons of the 20th Century," which recently made its appearance in Russian, answers these questions.

Daisaku Ikeda, the religious activist and follower of the Japanese Buddhist priest, Nichiren, was an indispensable figure in the role of Gorbachev's guide in his secret personal life.

The question naturally arises, what could be common between the worldviews of the last General Secretary of the Central Committee of the Communist Party and a Buddhist sage? What draws these two men together is morality, an internal, instinctual revulsion to evil. The religious injunction, "Thou shalt not kill," probably resides deep in the conscience of most people, be they believers or atheists. It is in this elementary moral instinct that I see the core reason for Gorbachev's reformist break. Of course, as I already stated, a sense of conscience and abhorrence of

violent death is common to all normal people. Thus, as soon as a normal person becomes head of the Communist system, it has to fall apart. The political system Lenin and Stalin created was not designed for leaders for whom it was difficult to say, "fire," or to commit people to psychological hospitals.

Gorbachev accomplished a miracle, in that he turned out to be, in this sense, a normal person. He was not possessed of those things, which normally suppress the moral sense of a leader on this scale—a messianic mission or ideological fanaticism. This, I believe, is the hidden secret behind Gorbachev's Perestroika. Support for my hypothesis is found in the record of debates and in everything Gorbachev said about religion, morality or common human values.

Perhaps people like Gorbachev ought not to rule our Russia. However, what has happened has happened. The USSR fell apart because Gorbachev could not, as Yeltsin did, direct tank fire against his political opponents, and then declare that he had no regret. Ultimately, after the 1991 referendum on the fate of the USSR, Gorbachev had every reason to dissolve the Congress of Peoples Deputies RSFSR, which, in violation of the constitution, initiated a war of laws. However, Gorbachev could not overcome the inevitable opposition from the White House. He could not shut off the water, lights, etc. As he writes now in his book, he could not understand "that which was most shocking: why on 3-4 October and in the following days, were the people silent and why are they silent now?"

If a person has developed spiritual and moral sense, then all the rest, all the peculiarities of his worldview are merely consequences.

A fundamental sense of the moral equivalence of individuals underlies Gorbachev's intrinsic democracy, and all that he contributed in his discourses on common human values. Nothing was so obvious to him as the idea of commonality of conscience. In that, from the start, he was a heretic, since Marxism teaches the exact opposite, that the soul of any worker is more valuable than the soul of a peasant. However, Gorbachev probably never thought of himself as a heretic, otherwise he would not have attempted the impossible, to unite his lingering respect for Lenin with the idea of common human values.

Dialog between Gorbachev and Daisaku worked primarily because their basic values were identical. Both start from the moral equality of individuals. In Buddhist philosophy, as Ikeda explains, Buddha is a "highly evolved individual." The term "Buddha" can be understood to mean an individual with exceptional wisdom, sympathy, foresight, the will to overcome adversity, and so on. However, he is not a godlike person, capable of performing miracles or mystical feats. Buddha is a person full of energy, love of life, and love for all living things.

Gorbachev's concealed anti-Communism, derives from his conviction that, if individuals are autonomous, they cannot be used as a means. It is understandable, that with such convictions, at first produced a strong desire to complete the accounting of Stalin's crimes, and later, as Gorbachev did toward the end of Perestroika, to call into question the very idea of the revolutionary reordering of society. On dozens of occasions,

Gorbachev and his collocutor, Ikeda, discussed revolution, revolutionary excesses and revolutionary messianism, [ending in] insistence on gradualism, evolution and conscientious treatment of that which exists at present.

This explains why Gorbachev, given his personal philosophy and love of compromise, could keep his own democratic revolution on course. Gorbachev did not adapt his top-down reforms to the Russian character, to our impatience and desire for simple decisions. Therefore, he lost.

It is interesting that, in the debates that were recorded in 1995-1996 following "shock therapy" and the shelling of the White House, Gorbachev distanced himself simultaneously from the revolutionary extremism of the Bolsheviks and from the revolutionary extremism of our radical democrats. "Let's not forget," insisted Gorbachev, "that totalitarian structures may arise on quite different bases, including in the name of complete and final victory of the market."

I can agree with those who suggest that Gorbachev did not want to give up power so easily, sacrificing himself in the name of freedom and democracy, but that he simply did not understand that liberalization of the Soviet system was basically impossible; that every step on the path to morality and conscience brought Communism closer to death. Most likely, Gorbachev sincerely believed that democratic reforms would save him from the counterrevolution by the apparatus, broadening the base of his political power.

In Gorbachev's illusions, which led to the death of Russian Bolshevism, there was nothing original. They were the errors of all revisionists and, for us in Russia, of all the generation of the 60's [shestidesyatniki-a generation in which the intelligentsia was known for its idealization of democratic principles].

However, I will never agree with those who continue to say that Gorbachev had no thought for freedom or for democracy, but that Perestroika was concocted solely as a means of modernizing the military-industrial complex, because the "pipe" was producing less and less oil. This is false.

Gorbachev, as head of state, naturally could not help consider that we were losing the arms race, and that our economic system was ineffective. Nonetheless, in my opinion, for him as a humanitarian, as a graduate of the MGU legal faculty, as a man of the 60s, and simply as a Russian, problems of worldview were on the front burner.

Gorbachev saw his post as General Secretary first and foremost as a beachhead for accomplishing the necessary moral and political renewal of society. It is not his fault that he, an anti-Stalinist, a secret admirer of Dubchek, a student from MGU, infected by ideas and illusions of the 60's, should be elevated by fate to the pinnacle of political power, and made leader of the party of Lenin and Stalin.

The book "Moral lessons of the 20th Century" is interesting because it identifies the ideas and values, and sometimes illusions, that pushed Gorbachev into the pit of Perestroika. All of these ideas were salient at the time Gorbachev came to power. Gorbachev's Perestroika was simply the

latest intelligentsia spawned revolution, this time Soviet, and largely Marxist. It was prepared by the collapse of the Leninist-Stalinist system, which began with Khrushchev's thaw.

#8

Date: Sat, 13 Jan 2001

From: Christian Caryl <CCaryl@compuserve.com>

Subject: Kenny Gluck

Dear David:

I've set up an e-mail group for anyone who wants to receive my articles for Newsweek, Newsweek Online, and other publications directly. Anyone who's interested can send me a note at ccaryl@compuserve.com.

Regards,
Christian

Kidnapped in Chechnya

The abduction of an American aid worker underscores growing Russian doubts

about its war against the republic

By Christian Caryl

Newsweek Online

Web Exclusive

Jan 12 -- The shooting started near the Chechen village of Starye Atagi last Tuesday. Unknown assailants fired on a humanitarian aid convoy delivering medical supplies to local hospitals, wounding Richard Littell, an American working for the organization Action Against Hunger. Littell and his colleagues managed to flee. But another American -- Doctors Without Borders worker Kenneth Gluck -- was less fortunate. "[He] was forced out of his car into the attackers' car, which then disappeared," said Doctors Without Borders in a statement issued after the incident.

The fate of Gluck, 38 -- the first American kidnap victim in the 18-month-old Chechnya conflict -- is still unknown. But the incident has served as an ominous reminder of a bloody war that has left thousands dead and turned hundreds of thousands into refugees. While the continuing war has been largely forgotten by the outside world, Russians are becoming increasingly pessimistic about its outcome.

Within hours of Gluck's disappearance, the Russian authorities were pinning the abduction on the Chechen guerrilla leaders who turned kidnapping into a million-dollar industry during Chechnya's three-year period of de facto independence from 1996 to 1999.

During that period, kidnap victims ranged from Chechens to Russians, Poles, and Britons. These cases were frequently cited by Russian leader Vladimir Putin as one of his moral justifications for prosecuting the war against the separatist government of Aslan Maskhadov, the Chechen leader who was unable or unwilling to counter the abductions. As a result, the overwhelming majority of Russians

applauded Putin when he sent thousands of Russian troops back into the defiant republic in October 1999. It was that pro-war mood, and general anti-Chechen hysteria, that ultimately helped propel Putin into the country's highest office.

Such unqualified support, however, is long gone. Every day brings new reports of Russian troops killed by mines or Chechen suicide bombers. Since the war began, the official death toll of Russian soldiers in the republic has climbed to 2,600; experts say that the actual number of casualties could be two to three times higher. Just a few months ago, the hawks among ordinary Russians still clearly outnumbered the doves. Now, even though Putin's personal opinion rating remains high, polls show significant shifts in attitudes toward Chechnya. One survey, for example, found that the number of Russians who were in favor of harsh measures to win the war has gradually decreased to the point where it is almost the same as those who favor peace talks with the rebels. In another poll, the number of Russians who described their government's prosecution of the war as "successful" dropped from 66 percent in November 1999 to 39 percent in July 2000.

Amid this atmosphere of diminished moral certainty, some Moscow commentators are publicly skeptical about the official version of the Gluck abduction. One case in point: the military commander of Russian forces in Chechnya, Lt. Gen. Ivan Babichev, accused Gluck and his colleagues of traveling in the republic without authorization and declared that "part of the blame for this tragedy lies with the international organization [Doctors Without Borders] itself."

The newspaper Moskovsky Komsomolets, however, disputed the commander's claim that the aid workers were traveling without authorization, and pointed out that the convoy was in an area "in direct view of federal checkpoints." Chechen sources, for their part, directly accused the Russian secret services of being behind the kidnapping. The Russian government has resisted attempts to allow international observers into the war zone, and some Russia-watchers argue that the Russians have an interest in keeping foreigners out of Chechnya at any cost. "It [the kidnapping] is the worst thing that could happen to the Chechen cause," says Ariel Cohen of the Washington-based Heritage Fund, "because everybody's going to blame it on those 'Muslim fanatics'." Tellingly, at least one Russian newspaper seized on the Gluck abduction to launch a furious attack on Doctors Without Borders, a relief organization which won the 1999 Nobel peace prize. The paper accused the group of partiality to the rebel side.

The mystery surrounding Gluck's abduction has its ominous precedents in the earlier war. Starye Atagi was already known to some Americans as the place where veteran U.S. relief worker Fred Cuny disappeared during still-unexplained circumstances in the first Chechen war of 1994-96. Later, the mysterious 1996 murder of four Red Cross aid workers in Chechnya led many aid organizations to shut down their operations in the republic.

Many of them, including Doctors Without Borders, are doing the same again in the wake of Gluck's kidnapping. "Kenny is loved and missed," says Therese Zink, a doctor working for the group in the neighboring republic of Ingushetia. "People are very sad, and we are doing everything we can to find him." The big question now is whether

those efforts will be enough to help Gluck -- or the army of refugees in such desperate need of the services provided by his organization.

#9Date: Fri, 12 Jan 2001
From: Erin Powers <epowers@fas.harvard.edu>
Subject: 3 new PONARS publications

Hi David, I've just posted two new policy memos on our website at:

<http://www.fas.harvard.edu/~ponars/memos.html>

182) "Russia's Belarus Problem," Arkady Moshes
183) "Why Soviet History Matters in Russia," Mark Kramer

These two memos, plus working paper #18 ("The Forgotten Abkhazia" by Georgi Derluguian), will be available next week in print.

Happy New Year! Erin

#10
From: IRASTRAUS@aol.com (Ira Straus)
Date: Fri, 12 Jan 2001
Subject:

The Analyst
January 3, 2001
UZBEKISTAN WATCHES BIG BROTHER RUSSIA
By Chris Aslan

The ancient skyline of Khiva is still a dazzling array of gleaming madrassas and glittering minarets. However, increasingly satellite dishes and extended antennas are appearing on the roofs of houses as the local population tires of national television. For most Uzbeks, real entertainment and real news means switching on Russian TV.

This is an obvious cause for concern at a time when Russian interest in Central Asia has re-awakened and the government of Uzbekistan is particularly keen to maintain independence and not allow Russian meddling in the guise of partnership against Islamic extremism. If Uzbekistan loses its ability to maintain audiences it will lose cultural if not national independence. And if Uzbekistan loses the capacity to entertain its people, it may lose the ability to pacify them.

A year ago, the one remaining Russian TV channel was no longer broadcast in the Khorezm Oasis. The result was a flurry of activity on most rooftops of

homes and a revealing number of offices where new taller antennas were rapidly installed lest viewers miss an episode of their favorite dubbed Mexican soap opera. Nor are viewers content with just one Russian channel. Those that can afford it, and many who cannot, procure satellite dishes with access to a whole spectrum of Russian channels.

Most Uzbek citizens are rural, speak their own dialects and seldom travel to the other regions of their country. Many struggle to feed their families, but nearly all have a television, which is always on. It is through the television that they become part of an imagined community and it is through television that the Uzbek government is attempting to build a national identity.

The two main channels, Channel One and Yoshlik the youth channel, both provide a steady stream of nationalism. Programs are regularly interspersed with a montage of happy cotton pickers, gleaming new Tashkent buildings, bearded old men in Samarkand and young, industrious students studying. Music videos make up a large chunk of programming including songs dedicated to the homeland and with dancers in national dress. News programs are also prolific, usually consisting new government initiatives and a few snippets of international news. Uzbek TV has peppered its schedule with a few western imports. Particularly popular right now is the show Dallas, watched avidly by most families. There have also been some very professional and highly popular serial dramas filmed in Uzbekistan. These have often managed to combine nationalism with entertainment, dealing with the dangers of the mafia and radical Islamic groups.

Most viewers tune to Moscow TV programming which has dispensed with much of the propaganda styles of Soviet era television and has put entertainment and escapism at the top of its agenda. This is what most viewers in both Russia and Uzbekistan want. The rationale is simple: why have happy cotton pickers when you can have Baywatch? The result has not been to keep the cultural imperialism of America at bay but rather for it to enter through the back door of Russia. American values and affluence arrive ensconced in the Russian language. This heady cocktail has caused a resurgence of interest in learning Russian among rural youth.

Similarly, many Uzbeks now trust the more critical Russian media. Not only does Russian news include more international news and an upbeat style, it also regularly includes news from Central Asia that is perceived as less biased. It is not so much a case of Big Brother watching Uzbekistan, but Uzbekistan watching Big Brother.

Chris Aslan

FIELD REPORTS

Wednesday/January 3, 2001

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Freedom versus Independence:

Why Uzbeks are turning to Russian TV for news and for Western ways

[by Ira Straus]

Chris Aslan has described (in The Analyst of January 3, 2001) the role of Russian media as a lifeline of news and freedom for the people of Uzbekistan.

Without Russian TV, which Uzbeks go to great lengths to access, the people would be left only with the national Uzbek TV; a medium rendered arid by its

subservience to the state and by its nationalist parochialism. And the vices

of Uzbek TV are getting worse with time, as the state tries harder to reinforce its independence culturally and intellectually.

It is a case of Independence versus Freedom. National Independence versus Human Freedom. "Strengthening of Independence" on the one side, developing the freedom of the civil society and of the individual human being on the other. The participation of the national state in the global power game on the one side, the participation of the individual citizens in global information, learning, culture and dialogue on the other.

Aslan describes, with a touch of irony, how Russian TV and the Russian language are the carriers which bring Western culture into Uzbekistan. This should not seem so ironic. Russia has always been the main bearer of Western

culture, including social and political culture, in Central Asia. The only reason that the OSCE and NATO have anything to do with the countries along Russia's southern tier is that they all used to be a part of the Russian empire. It is by virtue of having been a part of the Russian sphere that they

are today counted as a part of the extended Europe. Russian media are not the

only Russian bearers of freedom and modernity in this region; the remaining ethnic Russians in Central Asia also tend to play such a role.

The West has in recent years confused Independence in these regions with Freedom. It is a case of mistaken identity. Independence has led the peoples in this area backward from Freedom.

The mid-1990s policy of trying to "strengthen the Independence" of the Central Asian states and of engaging in a "Great Game" to displace Russia from its primary influence in the region -- this was the opposite of a policy

of promoting democracy. It put the U.S. in bed with the most oppressive regimes in the region: those of Uzbekistan and Turkmenistan, the ones most

independent of Russian influence. It led to a competition with Russia between their dictators and ours. "Theirs" -- the dictatorships in Kazakhstan and Kyrgyzstan, countries which had large ethnic Russian minority populations and which agreed to form a new semi-union with Russia -- were the less oppressive of the set, but gradually also tightened the screws as the 1990s wore on. A long march backward ensued throughout Central Asia, a march away from the freedoms that had emerged in the last years of the Soviet Union.

Sixty-five years ago, watching the ravages of nationalism from the vantage point of the faltering League of Nations in Geneva, Clarence Streit wrote a long manuscript on "the Great Confusion" -- the confusion between national Independence and human Freedom. Portions of it were published as the book, Union Now. In the book, and even more in the unpublished chapters, he undertook to disentangle the confusion root and branch -- the historical reasons why the confusion had understandably emerged, the philosophical errors in it, the policy mistakes that flowed from it, and the extraordinarily high costs that people were paying for these mistakes. He argued that independence was sometimes useful for freedom, especially in the past when freedom was young and rare; but it always needs to be justified on its merits to see when and whether it is still useful for freedom, not simply equated with freedom by repeating the old slogans from the days when lines of blood had been drawn in its name. Indeed, the general presumption for the advocate of Freedom ought to be in favor of Union, which widens the sphere within which humans can interact freely and develop joint projects.

Streit's book, and others like it which appeared in the same period, helped people to think their way out of the Great Confusion in the middle decades of the twentieth century -- to stop equating freedom with national independence, and start looking instead to the opportunities for uniting in freedom. It led to the formation of movements for international federation and, indirectly, to the construction of new integrative institutions like the EU and NATO, through which freedom has in fact been expanded as well as stabilized in Europe. However, the federalist movements faded out of public view after mid-century, while nationalist education, with its equation of "freedom" with "independence", persisted. In the closing years of the twentieth century, the Great Confusion was once again very much with us. The peoples of Central Asia are suffering the consequences.

David Johnson

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<http://www.cdi.org/russia/johnson>

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CREATOR: David Johnson <davidjohnson@erols.com> (David Johnson <davidjohnson@erols.com> [UNKNOWN])

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TEXT:

Johnson's Russia List

#5028

15 January 2001

davidjohnson@erols.com

[Note from David Johnson:

1. Moscow Times: Roman Kutuzov and Yulia Polyakova, Consumer Spending Nears '98 Levels.

2. Washington Post: Peter Baker and Susan B. Glasser, Focus Shifting in U.S.-Russia Relations. Bush Emphasis on Security Issues Is Worrying Advocates of Reform.

3. Reuters: Marcin Grajewski, Russian enclave at crossroads before EU expansion. (Kaliningrad)

4. The Russia Journal: More media headaches forecast after ?bad year.? (Interview with Oleg Panfilov, the director of the Center for Journalism in Extreme Situations of the Russian Union of Journalists)

5. Washington Times: David Sands, Fuel glut gives Russia leverage.

6. Moscow Times: Anatoly Khodorovsky, Zoya Kaika, Roman Khrapachevsky and Mikhail Sudo, Russia's Peculiar Path.

(DJ: This article reminds me that I would like to encourage historians--and

others--who receive JRL to contribute their comments and insights on Russia.

It would be helpful to have more exploration of the background of current developments.)]

#1

Moscow Times

January 15, 2001

Consumer Spending Nears '98 Levels

By Roman Kutuzov and Yulia Polyakova

Vedomosti

The good news for domestic producers?

Spending in nearly every category of consumer goods is growing and sales in many retail sectors have reached or surpassed pre-crisis levels.

The bad news?

The drop in demand for imports that resulted from the 1998 financial meltdown is over, a yearlong nationwide survey of consumer demand has concluded.

The survey was conducted by the research agency GfK using a method called "consumer scan," which selected 2,005 households in the country's 14 largest cities and asked them to record in a ledger every day the name of each product they bought, the store where they bought it and the price.

In order to accurately ascertain the demand for consumer goods before and after the crisis, GfK compared sales volumes of different product categories for the first nine months of 1998, 1999 and 2000. The same picture emerged in nearly every sector ? a sharp fall in the volume of sales in 1999 in comparison with 1998 and a steady increase in 2000. This growth took place in varying degrees, although sales volumes in many sectors of the market already exceeded pre-crisis levels. These include, but are not limited to, baked goods, vegetable oil, mineral water, tea, instant coffee, shampoo, soap, detergent and dishwashing liquid.

Sales of potato chips, cheese, yogurt, butter, ground coffee, deodorant and toothpaste all grew in 2000, but did not exceed pre-crisis levels. The survey also found a very small category of goods with "atypical" demand. For example, sales of pasta and beer actually increased after the crisis and continued to rise through September 2000, the last month surveyed. The soft drinks market, in contrast, shrunk in 2000.

The fall in demand for imports was yet another consequence of the crisis, resulting in a boom for relatively inexpensive Russian goods. In 2000 that tendency decreased considerably and, in certain sectors, went in the opposite direction as international corporations resumed actively defending their market positions. For example, the consumption of imported tea last year noticeably increased.

"The dollar again became cheaper," said Sergei Yashko, director of the survey for GfK.

Yashko said Russian producers are not as competitive as they were one year ago. Moreover, he said, many international companies in the last year have begun producing here, putting an even tighter squeeze on domestic competition. Together, domestic and foreign producers have established an alliance against "unbranded" or generic products. The market share of generic products steadily shrunk in 1999 and 2000 in all product categories. In some areas, large producers achieved a total victory ? practically no one buys mayonnaise or detergent manufactured by lesser known brand names, the survey found.

Another discovery concerns so-called uncivilized retail, particularly the open, small-scale wholesale market. The percentage of household consumer goods purchased at small-scale wholesale markets rose steadily after the crisis and at the end of 2000 totaled 27 percent, Yashko said. If kiosk sales were included, he said, the figure could be as high as 70 percent.

Vladislav Metnev, a consumer market analyst for the Aton brokerage, said much of the growth in the "uncivilized" market could be attributed to

consumers with less than average incomes who lost all their money after the crisis.

#2

Washington Post

January 15, 2001

[for personal use only]

Focus Shifting in U.S.-Russia Relations

Bush Emphasis on Security Issues Is Worrying Advocates of Reform

By Peter Baker and Susan B. Glasser

Washington Post Foreign Service

MOSCOW -- The last leader of the Soviet Union returned recently to the Kremlin, a decade after the fall of communism, and asked the new president of Russia a simple if pointed question: Do you plan to take the country back to an authoritarian regime?

"His answer was a very definite 'no,' " Mikhail Gorbachev recalled in an interview last week.

In President Vladimir Putin's Russia, though, Gorbachev's question remains very much unresolved and touches on what may become one of the most vexing foreign policy challenges facing the son of the American president who was in office at the end of the Cold War.

In a sharp diplomatic course change, George W. Bush will enter the Oval Office signaling a renewed emphasis on the issues of nuclear security and geopolitics that so preoccupied his father, while abandoning the Clinton administration's mission to reinvent the fitful, corruption-plagued Russian economy. But at a time when Putin is cracking down on the independent media and consolidating state power, it may not be so simple to turn away from the internal struggle that still roils Russia's incomplete transition to Western-style democracy.

Bush's determination to build a national missile defense system in the face of loud Russian objections heralds a new era of nuclear tensions. Yet arms control talk may be a welcome diversion for a Moscow leadership that has grown tired of high-minded lecturing from Washington. A pragmatic dose of realpolitik might be a tonic after what many here consider the idealistic but alternately intrusive, naive or uninterested approach of the last eight years under President Clinton.

"The Kremlin was extremely happy" that Bush won, said Sergei Karaganov, deputy director of the Institute of Europe and an influential voice in Moscow foreign policy circles. "Their view of the Bush team is that you can deal

with them, there will be a clear set of rules. The Kremlin people are more or less traditionalists, as are the Bush people. It's easy for this kind of people to talk to each other."

For Bush, this is not his father's Russia. The new president will have to confront a country where U.S. national interests are not always so clear, a deeply troubled, nuclear-powered state that today is neither partner nor enemy, as his new secretary of state, Colin L. Powell, put it the other day.

The Russian economy remains smaller than Portugal's and anathema to most foreign investors since the 1998 crash of the ruble. Democracy and civil society appear to be tenuous concepts under Putin, who touts his commitment to a free press over dinner with Westerners at New York's 21 Club while his government back home jails the leading independent television network owner.

Russia still wrestles with freedom of speech and religion, basic laws on private property and the rule of law.

From the point of view of some democracy activists here, any U.S. disengagement from Russia's internal issues could encourage Putin's autocratic streak even as he tries to take control of Russian broadcast networks and continues a brutal war in Chechnya. "It would be seen as carte blanche for the possibility of authoritarian rule inside Russia," said Oleg Orlov, a leader of the human rights group Memorial.

"I don't remember a period in our relationship when the United States was deaf, dumb and blind to what happened in Russia," said Andrei Richter, director of the Media Law and Policy Center at Moscow State University. "Democracy in Russia is as important to America as it is to Russia."

Bush has little personal knowledge of Russian affairs, but the rest of his team brings a wealth of experience. Condoleezza Rice, a longtime Soviet scholar who served in the last Bush White House, is returning to be national security adviser.

In interviews last year, Rice sketched out the basis of a Bush policy toward Russia that would focus on creating a new arms control regime allowing construction of a national missile defense -- either by renegotiating the Anti-Ballistic Missile Treaty of 1972 or abrogating it if necessary. "I'm not too optimistic that we Americans can do much on the economic side and I'm perfectly happy to let markets take care of that," she said.

Rice made clear that Russia's internal woes continue to concern the United States, criticizing for instance "the perilous state of the Russian military" and bemoaning Putin's return to "the really bad habits" of Soviet times during his devastating military campaign in Chechnya. But in terms of policy, she subordinated such issues to the geopolitics of nuclear arms control and

nonproliferation.

Putin is not especially knowledgeable about the United States, but he has proved a more energetic player on the world stage than his predecessor, Boris Yeltsin, going out of his way to court China and countries that Washington would rather isolate or contain, including North Korea and Cuba. And he accomplished little in several meetings with lame duck Clinton last year, seemingly waiting for his successor. Now Putin is reportedly studying English in preparation.

The consensus in Moscow is that relations with the United States have reached a dangerous low. Gorbachev, for example, said he considered the 1990s to be a time of squandered opportunity. "There were a lot of smiles, but it really went downhill," he said. "The blame goes equally to Russia and America."

Gorbachev, who in the dwindling days of the Soviet Union forged a close relationship with President George Bush, welcomed the credentials of the new team but suggested that the son not make the mistake of his father and wait many months before reaching out to Moscow. And Gorbachev, too, was critical of the prospect of American withdrawal from Russian affairs.

"That would be wrong," he said. "That would be a mistake. Security issues will be addressed more effectively if they are part of a broad agenda within which we will be cooperative." He added, "The U.S. does not have a strong foreign policy for the post-Cold War world. America has not yet decided what kind of Russia it wants."

Gorbachev said the onus is on Bush to take the first step. "I think it is essential that the new president take the initiative and make a gesture to Russia," he said. Putin is ready to talk, added Gorbachev, who has informally advised the new Russian leader. "He does want the relationship to change, I do know that. He believes the relationship has deteriorated in recent years."

In a bit of geopolitical déjà vu, just as Gorbachev dueled with Washington over the prospect of a "Star Wars" missile defense system, so now will Putin confront the issue, if in different form. The program envisioned by President-elect Bush is more limited, avowedly aimed at potential strikes by rogue nations rather than Russia's giant nuclear arsenal.

But Russia considers any anti-missile program to be a direct threat to its last claim on great-power status and has threatened to withdraw from other arms control agreements if Bush vacates the ABM Treaty.

"I think we will enter into some pretty harsh polemics," said Dmitri Trenin, a Russian military expert at the Carnegie Moscow Center. "I think you can envision a complete rupture." In that case, "for the first time in 30 years you have a situation where the strategic forces of the United States and Russia will develop totally separately without any treaty framework. Arms control in that sense will be dead."

But Trenin said he believes Putin knows Bush is not bluffing and therefore will find a way to negotiate. As trade-offs, Putin could insist on repealing the ban on multiple warheads on land-based missiles in the START II treaty or creating a joint theater-based missile system to cover Europe. Gen. Vladimir Yakovlev, the head of Russia's Strategic Rocket Forces, recently floated an "ABM tariff" exchanging deeper cuts in nuclear missiles for defensive systems.

"We believe the Republicans will have a more pragmatic and concrete approach toward setting up national missile defense," said Boris Gryzlov, head of Putin's Unity party in the State Duma. "If Democrats did not want to discuss it with us, the Republicans are more prepared to do so."

The new emphasis on arms control comes after eight years in which Clinton failed to negotiate a major disarmament treaty with Russia. Instead, his administration attended to the economic travails of the former superpower, something Bush plans to avoid as much as possible.

That could be easier for the moment since Russia's economy, driven by high oil prices, has begun growing for the first time since the collapse of the Soviet Union, leaving it less reliant on loans from the International Monetary Fund. But that could be a short-lived respite, given that Putin has not enacted many economic reforms. Just last week, Russia announced it would not be able to make its full payment of Soviet-era debt this quarter to the Paris Club of creditor nations.

Without U.S. pressure, some reformers worry whether Russia will ever push forward with structural changes. The country remains without a federal law on private ownership of land or genuine guarantees of investor rights. In their absence, foreign businesses remain deeply wary of returning.

Likewise, democracy activists fear Putin will roll back the gains of the last decade. Putin's government already has forced two media-owning oligarchs into exile in Western Europe and may be able to take control of all three national

television networks soon.

Vladimir Gusinsky, the founder of independent NTV, now sits in house arrest in Spain on a Russian extradition request and is struggling to keep the network out of government hands. When word leaked out last week that CNN founder Ted Turner might buy a share of the network, Russian prosecutors searched the Moscow offices of NTV's holding company and the state-controlled natural gas monopoly Gazprom, which owns a large stake in NTV, blocked any potential sale.

"Unless the United States supports freedom of speech in Russia," warned Alexei Venediktov, editor in chief of Echo Moskv, a Gusinsky radio station, "they will end up dealing not with a civilized country but with a nuclear barbarian."

#3
Russian enclave at crossroads before EU expansion
By Marcin Grajewski

KALININGRAD, Russia, Jan 15 (Reuters) - Fear is spreading through the Russian enclave of Kaliningrad that the European Union's eastern expansion will isolate Moscow's westernmost outpost from the motherland, casting it deeper into poverty.

When Poland and Lithuania join the western bloc in coming years, the million inhabitants of this Baltic region sandwiched between those two countries may no longer be able to travel to the rest of Russia except by sea.

Local officials say that without a top-level deal between Moscow and Brussels on the future on this former Soviet military bastion, its already shaky economy may collapse due to a severing of transport and energy links with Russia's mainland.

"Our geographical location may be a curse or a blessing. We are afraid that our natural advantages may be forsaken," says Yuri Matuchkin, Kaliningrad's governor in the early 1990s, now chief of the regional assembly's economic committee.

EU countries, especially Sweden and Finland, are calling for action on Kaliningrad, which was part of Germany before World War Two, fearing it will become an island of crime and corruption inside the bloc, exporting pollution and disease.

The strategic importance of Kaliningrad, half the size of Belgium, was highlighted in early January, when U.S. media reports that Moscow had moved

short-range nuclear weapons into the region prompted serious concerns in Poland and the rest of NATO.

EU EXPANSION MAY BENEFIT KALININGRAD

Kaliningrad's local authorities know EU enlargement would give them a unique opportunity to turn the impoverished region into a thriving area of liberalised trade, a testing ground for improved cooperation between Russia and the EU.

This is the goal of Kaliningrad's new governor, Vladimir Yegorov.

But the key to the region's prosperity is in the hands of Moscow, which local officials say lacks any clear vision for the enclave, once a closed military area, whose rundown roads and decaying housing show it is markedly poorer than its neighbours.

"We want Kaliningrad to become a bridge of cooperation between Russia and the European Union," says Yegorov, an admiral who won a November election on pledges to root out corruption that plagued the region under his predecessor Leonid Gorbenko.

Kaliningrad has already missed an opportunity to become what local reformers hoped would be a Hong Kong of the Baltic in the mid-1990s with the failure of attempts to create a credible free economic zone in the region.

The zone offered only half-hearted trade liberalisation and investors were scared away by rampant corruption, fluid regulations and a law which forbids foreigners to own land.

Sweden, which holds the EU's rotating presidency in the first half of 2001, hopes to start talks with Russia on the practicalities of everyday life in Kaliningrad once the enclave becomes a little Russia marooned within the EU.

"It is heavily polluted, it has diseases like HIV and tuberculosis, and there is nuclear waste. Almost every problem you can find you have there," Swedish Prime Minister Goran Persson said in a recent interview.

Sweden estimates that Kaliningrad needs up to \$3 billion in investment over the next four years for a preliminary clean up of its environment, soiled by industrial pollution and untreated sewage from cities.

Governor Yegorov told foreign journalists that AIDS had become a serious problem in the region and he lacked funds to fight it.

"Tuberculosis is a social disease. We live poor lives, so people fall ill. AIDS is linked mostly to narcotics," he said.

Kaliningrad, blessed with 90 percent of the world's amber, has some industry with paper, food processing, fishing, shipbuilding and oil production. Its annual foreign trade turnover is \$1.5 billion.

But thousands of Kaliningrad citizens make their living by smuggling vodka, cigarettes and petrol into Poland, where they are two to three times more expensive.

"This smuggling is worth about \$200 million annually," said Polish consul Andrzej Janicki-Rola, adding that the practice should stop in October, 2001, when Poland plans to impose strict, EU-style travel restrictions on Russians.

Lithuania, expected to join the EU one or two years after Poland, which is likely to be a member by 2004 or 2005, will also be forced to impose similar travel rules, unless Moscow and the EU work out a special travel agreement.

ECONOMIC ZONE A MISSED OPPORTUNITY

Kaliningrad's special economic zone has attracted \$160 million in foreign investment over the last four years. The German auto maker BMW has built a small assembly plant to produce tax-break cars for Russia's business executives.

But the attractions of tariff breaks do not outweigh the disadvantages perceived by many potential investors.

"Kaliningrad has failed to become a thriving economic zone because of two main factors: no right to buy land and corruption," said Janicki-Rola.

The new governor vows to put the region's murky past behind it and give foreign firms stable conditions for investment, but he is thin on details.

"We will amend our regulations so people are not afraid for their investment. We will take steps to put economic life under control," Yegorov said, referring to the large unofficial sector of the economy which is often linked to organised crime.

Yegorov blames most of Kaliningrad's woes on its Soviet past. Until 1989, the nuclear port of Kaliningrad was closed for foreigners and Soviet citizens needed permits to get in.

Kaliningrad's road and rail infrastructure is poor and hundreds of million of dollars in investment will be needed to make its port, Russia's only major Western warm water port, into a transport hub in the Baltic region.

"We were closed to the outside world for 50 years. It is difficult to make up for this in 10 years," said Yegorov.

SHADOW OF SOVIET PAST

Foreigners are still required to get permission to enter Baltiisk, the site of Russia's Baltic Fleet. In Baltiisk, like in the capital of Kaliningrad, the main street is still named after Lenin, the father of the Soviet revolution in 1917.

Kaliningrad used to be Koenigsberg before the Soviet Union took it from Nazi Germany during World War Two. In the 18th century the city was home to Immanuel Kant, one of the world's most eminent philosophers.

Soviet dictator Josef Stalin ordered the expulsion of Germans after the war and brought in people from across the Soviet Union to populate what became a heavily militarised outpost threatening Europe with nuclear weapons throughout the Cold War.

German houses are now being restored and wealthy businessmen are building houses imitating the pre-war German style.

"Kaliningrad is a place where two visions still clash -- keeping the region as a military bastion with geo-strategic importance or turning it into a zone of robust trade," said one local politician. "It is up to Moscow."

#4
The Russia Journal
January 13-19, 2001
More media headaches forecast after 'bad year'
By FRANCESCA MEREU / Media Watch

Oleg Panfilov, the director of the Center for Journalism in Extreme Situations -- a watchdog organization of the Russian Union of Journalists -- sums up the Year 2000 for Russia's press.

The Russia Journal: How was the past year for the Russian press?

Oleg Panfilov: I can't say it was a good year. The year was bad because the position of the authorities [toward the press] changed. Firstly, the authorities lost credibility after two important events: [Radio Liberty correspondent Andrei] Babitsky's case and the Media-MOST case. These events showed that those in power wanted to change their relationship with the

press. In July, everything became clearer: The authorities began discussing the Information Security Doctrine, and on Sept. 9, President [Vladimir] Putin signed it.

Someone can say that this doctrine is not a legal document ... but I call this the ideological program of the new power. It is very frightening from a democratic point of view. [For example], in the doctrine's text you often find words that define what an information war is ? what an information weapon is ? but you don't have any words about democracy. Nobody expected this doctrine to be revived. It was first written in 1997. In April 1997, it was discussed at the Security Council, but after journalists began to protest, the doctrine was put aside. When the "new people" came into power, they thought to make the doctrine their new ideology.

RJ: Why is this doctrine so dangerous?

OP: It is dangerous for one key reason ? it gives regional authorities the chance to do all the things they couldn't do earlier to the independent press. We can see the results. [Putin] has established seven federal districts; in every district, you have a Press Ministry representative. Moreover, every district has established its own political information network. For example, in Nizhny Novgorod, the [authorities] started a new government newspaper. ... In the Urals district, there will be a new government channel and also a new government press agency. In November, in St. Petersburg ? on the initiative of the president's representative of the Northwest district ? the Northwest Press Association was created. What is very curious is that the director of the association is the editor of the paper Chas Pik and is also the wife of the presidential representative.

I think this doctrine is quite cunning. Authorities at the moment cannot change the Constitution and the Mass Media Law, even if they really wanted to change it, so they need some document ... that could untie their hands. ... As a result, pressure on the independent press has risen two- or threefold in the regions.

RJ: Do you think this year will be more difficult for the Russian media?

OP: I think so. If we compare this year with previous years, I'm sure that many journalists who used to write critical articles about [former President Boris] Yeltsin now remember him only with good words. When Yeltsin was in power, he didn't do anything to [develop] an independent media, but at least he never disturbed it. In Yeltsin's time, we had a huge number of independent papers, TV stations, radio stations and so on. Yeltsin never said anything against journalists. Only once did he say ? at the beginning of 1995 ? that the Chechens paid some journalists, but after that he tried to smooth over this unfortunate remark and that was that. This year, Putin criticized the independent press many times.

RJ: Last spring, your center published a report on the enemies of the Russian press. In your opinion, who were the year's biggest enemies for the country's freedom of speech?

OP: The fall report is ready and waiting to be disseminated. At the top of the list is Media Minister [Mikhail Lesin]; second place was taken by

President Putin; and third place – and this is very interesting – was taken by the Secretary of the Security Council Sergei Ivanov. More than 30 media experts made this decision, and most of them are from the Russian regions. We purposely gathered experts that work in the regions, because pressure on journalists is a big problem there. Ivanov was chosen because he was the first to bring the Information Security Doctrine back into the realm of possibility.

RJ: Lesin, Putin, Ivanov are all in power. Why do you think the new power is so afraid of independent media?

OP: The first reason is [Putin's] dubious past – people from the KGB never liked to be judged; the second is that the [authorities] don't like to be criticized. The government has done nothing to change the country's economy and it is not eager to have a critical press. At the moment, the relationship between the Russian authorities and the press reminds me of what happened and is happening in Uzbekistan, in Turkmenistan or in Belarus. The Russian authorities are repeating the same mistakes.

RJ: What can an organization like yours do to help the free press, and what are the main problems in the country?

OP: We, as any advocacy organization, can only remind those in power that there are some violations of press freedom. But you have to remember that our authorities don't read the [protest] letters we send them. For example, when we sent protest letters during the first Chechen war, there was no reaction from the authorities concerning the journalists that were killed. They simply didn't answer. At the end of the war, I phoned the Reporters Without Borders group in Paris and the New York Committee to Protect Journalists and asked if they had received answers to [the letters] they sent. Both said no.

The main problem in Russia is that it does not have a civil society. Journalists, for example, are not united; they often fight one against the other. It is impossible to get them together to fight for their rights. Another problem for Russian journalists is the small wages they get. Sometimes they leave good independent papers to go to work for ones that are less free only because they get more money. This was one of the reasons why, this year, a lot of good journalists left NTV to go to work for state television.

The Russian press also suffers a lack of journalistic professionalism. Sometimes journalists don't know the rules of media and sometimes they think that writing about some scandal is more important than journalistic ethics.

RJ: What brought about this kind of situation in Russian journalism?

OP: I think that this is a situation that we have inherited from Soviet times, when nobody knew the country's laws ... Secondly, journalists don't have a sense of responsibility.

They don't take journalism as a serious profession – including an honest presentation of information – and a lot of them just use the information

for political purposes. This is not professional.

(E-mail the Media Watch column at media@russiajournal.com)

#5

Washington Times

January 15, 2001

Fuel glut gives Russia leverage

By David R. Sands

Russia under President Vladimir Putin is using its gas and oil monopoly to squeeze political concessions out of reticent neighbors, sending shivers as far as Western Europe, where nations rely on Russia for almost half their supply of fuel.

Mr. Putin this month made a two-day trip to Azerbaijan, the latest diplomatic foray in which he used Russia's status as a massive exporter and shipper of oil and natural gas to boost its security and defense objectives.

In recent months, Russia has repeatedly canceled or threatened to cancel contracts for the supply of fuel to energy-dependent neighbors who defy Russian interests. Supplies of natural gas, of which Russia is the world's leading exporter, are particularly vulnerable to abrupt interruptions. Analysts say the pattern can be seen in Russia's relations with Georgia, Turkmenistan, Moldova, Ukraine and even further afield in markets such as Serbia and Western Europe, which gets 42 percent of its natural gas supplies from Russia.

Moscow is increasingly willing to play the energy card to reclaim its dominance in the Caucasus and Caspian regions, said the Heritage Foundation's Russia analyst, Ariel Cohen. Many of the struggling countries born in the collapse of the Soviet Union remain heavily dependent on Moscow for their energy supplies.

"Russia can limit its supplies in the middle of a cold winter, triggering public unrest and political instability," Mr. Cohen said. "The political and economic dependency of the former Russian provinces is increasing because of Moscow's energy policy."

Gazprom, the huge Russian natural gas monopoly, "is not just a gas company," said Marian Krzaklewski, a leader of Poland's Solidarity party.

"It is a principal source of revenue for the Russian government and a pawn on the political chessboard," he said.

Western Europe has watched developments with increasing alarm. The Financial Times warned in a recent editorial that Moscow risked its reputation as a reliable supplier by its recent actions in Georgia and Ukraine.

"This means treating all its customers properly and, above all, keeping politics out of gas," the paper said.

In Azerbaijan's capital, Baku, Mr. Putin and Azerbaijan President

Heidar

Aliyev discussed how to divide the vast marine and oil wealth of the Caspian

Sea even as Mr. Putin pressed his hosts to increase military ties and help Russia in its fight against rebels in the breakaway republic of Chechnya.

"Military cooperation between Russia and Azerbaijan has been showing signs of progress lately. I think our contacts can be intensified," Mr.

Putin

told Azerbaijan's parliament in an address.

The summit comes just three months after Russian suppliers unexpectedly

shut off a promised shipment of natural gas to Baku, leading to temporary but

severe power shortages and public protests.

Russia has pressed its claims on the Caspian basin, second only to the Middle East in terms of proven reserves of oil, even as it has tilted toward

Armenia in a bitter territorial dispute with Azerbaijan and pressured Mr. Aliyev not to participate in a U.S.-backed pipeline project that would bypass

Russia entirely.

Richard E. Ebel, director of the energy and national security program at

the Center for Strategic and International Studies in Washington, said Russia's giant gas and oil companies have legitimate complaints about their customers in neighboring states.

Ukraine, for example, has failed to reform its own energy sector or to make timely payments, even as Ukrainian companies are suspected of siphoning off shipments of Russian natural gas destined for Western European markets.

But, Mr. Ebel said, recent Russian moves to shut off promised supplies to such customers as Ukraine, Georgia and Azerbaijan have been more than simple business decisions.

"There's clearly an implied message here that these countries have to behave themselves, that they shouldn't tie themselves too closely to the West," Mr. Ebel said.

In perhaps the clearest example so far, Russia briefly halted natural gas exports to neighboring Georgia, resulting in temporary power cuts in the freezing capital of Tbilisi.

Georgia is seriously behind in its energy payments, but Moscow is also unhappy about what it says are enclaves of ethnic Chechen rebels being given sanctuary in northeast Georgia.

Moscow also wants to preserve Russian military bases in Georgia dating back to Soviet times, and has been anxious to discourage Georgia from participating in the U.S. pipeline proposal.

Michael Emerson and Sergiu Celac, co-chairmen of a Caucasus task force for the Brussels-based Center for European Policy Studies, called Russia's energy crackdown on Georgia "rough geopolitics" that has "implications for the future of the region and for Russian relations with the European Union and the West."

Ukraine has had particularly prickly relations with Moscow over energy policy. Mr. Cohen said officials in Kiev contend that Russia is using the

leverage of its energy wealth to limit Ukraine's ties to the West and increase its economic dependence on Moscow.

Russian Prime Minister Mikhail Kasyanov in November reportedly pressured Ukrainian Prime Minister Victor Yushchenko to have his government assume a \$1 billion-plus energy debt incurred by Ukrainian private companies and surrender its interest in the Soviet-era pipeline running through Ukraine to help pay its bills.

Russia's energy clout reaches beyond its immediate neighbors.

While opposing plans for the U.S.-backed pipeline to the Mediterranean, Moscow is proposing to build two major new pipelines through Russia that would serve Western and Central European customers without passing through Ukraine.

Gazprom cut natural gas supplies to Serbia late last month after Belgrade failed to provide payment guarantees, sparking protests throughout Yugoslavia and causing the first serious crisis for the new government of Serbian President Vojislav Kostunica.

#6

Moscow Times

January 15, 2001

Russia's Peculiar Path

By Anatoly Khodorovsky, Zoya Kaika, Roman Khrapachevsky and Mikhail Sudo Vedomosti

The history of Russia in the 20th century is rich with economic reform. Undoubtedly, the most significant instances over the past 100 years were the industrialization at the end of the 1920s, perestroika and the liberal reforms of the 1980s and 1990s.

Josef Stalin's reforms were designed to take an industrial leap that would remove dependence on the West and achieve parity with the more developed nations in technology and production. His superficially glittering plans, carried out against the backdrop of the worst crises in modern Western history, propelled the Soviet Union to the status of a world economic leader.

The massive industrialization Stalin launched exhausted both old and newly discovered resources, primarily oil. The country required new and accurate mechanisms of economic regulation. But it failed to build them, and now Russia may be required to live through a new industrialization.

Almost all domestic economists agree that the high economic growth at the end of last year was unprecedented in the country's recent history. Forecasts for the coming year aren't so rosy and come with the proviso of structural reforms.

The Start of the Century

Reservations about future growth are entirely understandable when the main reasons for the economy's gains in recent years have been the devaluation of the ruble and the state of the world market, which was extremely positive for Russian products. In order to reduce dependency on the fluctuations of external markets, or more accurately, on the one-sided nature of including Russia in the world economy, structural reforms are essential.

It is curious to note that this task has once again arisen on the dawn of a new century. The problems facing the government of the Russian empire at the end of the 19th century and the start of the 20th are, upon closer inspection, extremely similar to those of the present day. These problems were addressed then by the reforms of Sergei Witte and Pyotr Stolypin.

Post-reform Russia in the 1860s and 1870s learned the realities of capitalist economics in much the same way as today. It was then that the first shareholder banks appeared, for example.

The familiar problem of an unbalanced budget was no less pressing than today: The financial system that had been disturbed by the Crimean War and the Turkish war of 1877-78 was pumped up initially with issues and then proved entirely reliant on state debt. The role of the GKO, or treasury bill, was then played by credit notes, the exchange rate of which fluctuated up or down by 20 percent to 25 percent. Of course, this was extremely convenient for the games of international speculators, but exceptionally harmful in terms of the stable growth of the economy.

Witte's predecessors in the post of finance minister – Nikolai Bunge and Ivan Vishnegradsky – knew this well and did all that was possible to iron out the situation. Under them, a deficit-free budget was drawn up for the first time and major reserves of gold and silver were accumulated. The honor of preparing a detailed plan for macroeconomic stability as well as the task of fulfilling it fell to Witte. His main achievement was the comprehensive and decisive way that it was implemented, which was permitted, to a large extent, by Alexander III and Nicholas II's trust in Witte. He coordinated taxation, credit and financial policy, expanded investments – principally foreign investment – in industry, took a tough state stance regarding operations on international financial markets and introduced well-reasoned protectionist policies on exports.

Emphasis was put on indirect taxes and excise that increased the tax burden by 12 percent. A wine monopoly was organized bringing in about 365 million rubles by the end of the century, when the typical state income for 1903-08 was 2 billion to 2.5 billion rubles a year. The additional funds from this went both toward supporting and increasing the gold reserves as well as toward investments in the economy. Witte was a firm believer in the railways as the driving force behind the entire economy. As well as boosting the metallurgical and machine building industries – the main suppliers of the railroads – they united regional markets, increased the volume of exchange and reduced transport overheads on export.

Other important elements of Witte's reforms were the expansion of exports and protective import tariffs accompanied by the liberalization of the conditions for foreign investment in industry. The results were impressive

? industrial output was 191 million rubles in 1900, compared with 34 million in 1892 ? with 21 percent annual growth. This success was permitted by a strong currency. The introduction of the gold standard led to the devaluation of the ruble, which had a positive effect on production. At the same time, debt restructuring reduced interest rates under old debts by attracting cheaper international credits. To an extent, this alleviated the burden of foreign debt, though annual payments on it were quite high ? from 5 percent to 6 percent of gross domestic product. Witte said the foreign loans were to go toward increasing international reserves and on direct investment in important state projects.

It is impossible to say Witte managed these achievements with ease. Foreign investment drew considerable opposition.

"Due to their narrow nationalistic point of view, certain individuals were not particularly keen on foreign capital flowing into Russia and would only cooperate when they had an interest in the creation of this or that factory or in the exploitation of a particular natural resource," Witte said.

By 1900, Russia had entered a period of dire economic crisis, which exposed Witte 's incomplete reforms. While laying the foundations for developing the economy, the reforms failed to get to deep-rooted problems: the narrowness of the internal market and the country 's dependency on grain exports for its balance of payments, which accounted for two-thirds of total exports at a time when there was insufficient capital.

To resolve these problems, the question of agrarian reform had to be addressed. Witte recognized the need for reforming the communes and intensifying agricultural production. But in the competitive conditions at the end of the 1890s, he chose to stabilize finances and develop industry. To a considerable extent, he did this by using overflow funds from the agrarian sector.

This overflow was due to lower wholesale agricultural prices on the Russian market than on world markets while industrial prices were higher. The index of world wholesale agricultural prices compared with Russia (taken as the value 100) was 146 at the start of the century, while for industry it was 61.

Stolypin then took on the job of reforming Russia 's agriculture, which accounted for 50 percent of GDP. The essence of the reforms consisted of abolishing communes, developing private ownership in the agricultural sphere, the creation of a subsidized peasants ' bank, a relocation policy and the creation of the cooperative movement.

Stolypin successfully implemented a system for selling land to individual landlords. Via the peasant bank, both state land and that purchased with budget funds was sold to peasants. This led to an increase in the amount of land used ?the level of worked land in the European sector increased by 6 percent.

The relocation program achieved considerable results: By 1913 about 2.8 million people were resettled beyond the Urals and the number of immigrants to Siberia increased by 80 percent.

To an extent, Stolypin's measures achieved their goals: The turnover of agricultural products increased 46 percent compared with the period 1901-05 and agricultural exports went up 61 percent. But the reforms did not achieve their goal of creating an agrarian sector based on individual homesteads. By 1916, only 26 percent of the homesteads were converted from communes.

Strange though it may seem, Witte and Stolypin's reforms were completed during the Soviet period, but through non-economic means.

NEP and Industrialization

During the period of the New Economic Policy and the collectivization and industrialization that followed, the rulers of the Soviet Union took heed of the experience of industrialization under Witte and agrarian remodeling under Stolypin. At a time when there was little access to international financial markets, internal sources of financing came mostly from agricultural resources.

Their redistribution for industrialization could have followed the path identical to that at the start of the century - following Stolypin and Witte's example. But another decision was adopted: Noneconomic means were applied based on the principle of modernizing society. This yielded results in a very short space of time. If in the period from 1909 to 1913 the share of gross capital investment in GDP came to 12 percent to 14 percent, then in the 1930s, it was 25 percent to 30 percent.

But the cost of this victory in the long term ultimately proved to be beyond the scope of the economy: Per capita consumption in the Soviet Union between 1913 and 2000 has increased at one-third the rate of per capita GDP. The result has been the degradation of consumer well-being and of production output stimuli.

All economic reforms conducted in the Soviet Union at different times have in one way or another learned from the experience of NEP. The normative legal base, Soviet Premier Alexei Kosygin's reforms as well as attempts to reform the Soviet economy during perestroika are all reminiscent of the decree on trusts of April 9, 1923, that was to become the manifesto for NEP economics. Its core theory is that the state should not be responsible for the debts of the trusts nor the trusts responsible for state debts. The decree stayed a decree, however, since the attack on the market substructure was renewed by the Bolsheviks at the start of 1924. Nonetheless, it remained the key document of the era and all subsequent attempts at market reform of the Soviet economy began with proposals for the formation of a base legislative act regulating the activities of state enterprises. The decree on trusts was their starting point.

The harbinger of the Kosygin reforms was a confidential report presented in June 1965 by Abel Aganbegyan, director of the Institute of Economics and the Organization of Industrial Production with the Siberian division of the Academy of Science of the Soviet Union. The report said the Soviet economy's growth rate had begun to slow while the U.S. economy was clearly on the up. Certain sectors of the Soviet economy - housing construction,

agriculture, services, retail trade ? were shown to be developing at an inadequate pace.

The reasons for reforming the economic activities of enterprises were set out in two documents disclosed Oct. 4, 1965: "On Improving Planning and Stimulating Production in the Economy" and "On the State Production Enterprise Under Socialism."

Reform began with the introduction of administrative centralization, the abolishment of the sovnarkhoz, the adoption of the principle of managing industry by branch and the reestablishment of Soviet and republic ministries, liquidated under Premier Nikita Khrushchev. The measures taken to correct the planning system were important. Important state committees were created: the State Pricing Committee, the State Supply Committee and the State Committee for Science and Technology. The planning system was proposed to be targeted at the sale of goods rather than increasing production volume and raising gross indicators.

Enterprises saw their autonomy increase. The number of mandatory indicators was reduced to a minimum. New indicators were introduced: the value of goods sold, the general wage fund, total capital investments. The results of enterprises ? economic activities were to be assessed in terms of goods sold, profits received, efficiency of production and supply of particularly important items. Workers ? wages were to be paid in direct relation not only to the results of individual labor, but also to the general results of the enterprise ?s work; the principle of mutual material liability was placed at the basis of economic relations between enterprises; the direct link between enterprises, manufacturers and the consumers was developed; and the role of economic agreements was accentuated. In order to stimulate initiative, a part of enterprises ? profits remained at their disposal.

In January 1966, the economic reforms kicked off, and 43 enterprises from 17 branches of industry switched to the new conditions. By the end of 1967, 15 percent of enterprises worked under the new conditions, or 37 percent of industrial output. The pace of labor productivity growth and the average wage converged, but they were never balanced. Labor productivity goals weren ?t met.

Despite their failings, Yevgeny Yasin, a former economics minister and current director of the Expert Institute, said he has a high opinion of 1960s reforms.

"They didn ?t attack the roots of the totalitarian system, but constituted an important step toward liberalizing the economy," he said. "If events had moved in the direction set back in 1965, we wouldn ?t have witnessed the convulsions of the ?90s. We would have been more prepared."

Saved by Oil

In pre-revolutionary Russia, oil extraction peaked in 1901 at 11.9 million metric tons. This was more than half the total oil extracted worldwide. By the end of World War I, only 8.8 million tons were being produced.

The oil industry began to clamber back to its feet after 1920. Prior to

World War II, the principal oil regions in the Soviet Union were located in Azerbaijan and the Caucasus. In 1940, oil extraction in the Soviet Union attained levels of 31.1 million tons, 22.2 million tons of which came from Azerbaijan and 7 million from other Soviet republics.

During the war years, extraction levels fell to 19.4 million tons in 1945, 11.5 million tons from Azerbaijan and 5.7 million tons from other Soviet republics.

But new oil deposits were developed during the war and in postwar years. In 1950, oil extraction hit 37.9 million tons, exceeding its pre-war level.

From the 1950s, the main oil-extracting region was the vast territory between the Volga River and the Urals Mountains, incorporating the rich oil deposits of Bashkortostan and Tatarstan and earning the moniker "The Second Baku." Then in 1964, the industrial exploitation of western Siberian oil deposits began. Oil extraction was more than doubled to 353 million tons in 1970 compared with 10 years earlier, while the annual extraction growth rate increased to 25 million to 30 million tons per year.

The Soviet Union was the world's leading oil producer in 1974. Western Siberia was the main source of the country's oil and supplied more than half total output by the mid-1970s. In the first half of the 1980s, the Soviet Union extracted 603 million to 616 million tons of oil plus condensates. Russia peaked in 1988 with 624.3 million tons.

Thereafter, the fall began with only 305.6 million tons extracted in 1997. The Northern Caucasus, the Urals and Volga basin area levels had fallen long before the late 1980s. Increased extraction in the Tyumen region had compensated until then, but a slump in extraction in this region heralded a fall throughout the country.

The Arms Race

While no one knows how much money Russia put into the arms race with the United States, the spending put a strain on the economy, said Andrei Kokoshkin, a State Duma deputy and former first deputy defense minister for the Russian Federation.

"In order to keep up with the Americans, [we] were using 10 percent to 12 percent of our GDP, while certain estimates suggest this level was as high as 15 percent to 17 percent — which I am inclined to believe," Kokoshkin said.

Despite its technological achievements, the arms race's impact on scientific and economic policy was colossal. "In terms of principal weapons systems, we kept up with the Americans and even overtook them: Take for example the S-300 PMU or our rocket carriers," he said. "But the problem is that we, as opposed to the Americans, translated our achievements in the military sector to the civilian sector with the utmost inefficiency.

"Our military advancements only found their way into the civilian sector after 10 to 15 years."

Reform in the '80s

The sharp fall in the oil extraction rate and unfavorable prices for the Soviet Union's main export forced the country's leaders to turn once again to the experience of NEP and the reforms of the 1960s.

The main legislation of the perestroika period was the law on state enterprises adopted in 1987 and the law on cooperatives passed a year later. The concepts of "self-support and self-financing," forgotten since the '60s, returned to common usage. But as before, the enterprises functioned under the tight control of the party and the government, while the form of "self-support" was agreed with the higher economic bodies. Nonetheless, the possibility of choice — albeit a ghostly possibility — did appear.

Did one opt for the first or the second model of self-financing? This question was fiercely debated at meetings of the labor collective. To choose the high guarantees when distributing profits of the first model or the greater freedom when allocating profits of the second? But there was a more practical consideration — a labor participation co-efficient could be determined that could significantly boost one's humble salary.

In any event, the inherently socialist concept of "standard distribution" rather than "free use" remained. The third attempt at limited economic reform within the socialist system proved unsuccessful. The economy continued its decline.

At the end of the '80s, there was talk of considering a move to the market. One of the first to discuss this possibility was economist Nikolai Shmelev, whose book "Advances and Debts" asked difficult questions for the time, such as: Do we really need a plan?

Nikolai Shmelev, director of the European Institute and an academic at the Russian Academy of Science, said it is hard to speak of the reforms of the '80s.

"In my opinion, the most useful thing [Soviet Premier] Gorbachev did [during the '80s] was to release the corporate movement," Shmelev said. "Were there other ways of starting our reforms in a more moderate version at the start of the Yeltsin era? With hindsight I think there were.

Shmelev said that the move toward the market was managed by a team of "neo-Bolsheviks."

"[President Boris] Yeltsin himself was a Bolshevik and the people he brought in to help were Bolsheviks in terms of their mentality, outlook, skills and manners who could only solve problems with a crow-bar."

Shmelev said his chief reproach for the way economic reforms were conducted is that "the country was robbed 100 percent. All the population's savings and all the money on enterprises' accounts was liquidated. Stalin didn't even do this in 1947 when he conducted his famous monetary reforms — effectively robbing the population of about 50 percent of their wealth."

"The second mistake was privatization a l? [then-First Deputy Prime Minister Anatoly] Chubais," Shmelev said. "This process could have been dragged out over years, even decades. The problems of privatization were resolved thus all over Europe and they continue to be resolved this way."

Conversely, Yasin of the Expert Institute, said the reforms of the early 90s, though not without their faults, achieved concrete results.

"The value of what was done far outweighs the mistakes that were made," Yasin said. "All manner of harsh comment is natural. But in reality this was a huge achievement, a breakthrough that moved Russia from the slope down that it was heading toward the abyss and raised it albeit not to a particularly high level, but nonetheless to a point from which it could begin to make its way upward.

"If we are starting to notice an upturn in the country today then this is not due to the price of oil or the devaluation of 1998. It is because of those reforms," he said.

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TEXT:

Johnson's Russia List

#5029

16 January 2001

davidjohnson@erols.com

[Note from David Johnson:

1. Christian Science Monitor: Scott Peterson and Fred Weir, Chechnya's perils and plight. A European human rights delegation arrived Sunday, following abduction of an American aid worker.

2. AFP: Russia Ratchets up Pressure on the US over ABM Treaty.

3. Interfax: Russia denies trying to sign defence treaty with China.

4. The Russia Journal: Otto Latsis, Good, but not good enough.

(re economy)

5. RIA: "Renewed socialism" final goal of new Russian political movement.

6. Moscow Times: Yevgenia Albats, Press: As Free as Putin Says.

7. Charles Price: Oxford University panel discussion/Russia in 2020.

8. Joan Urban: Re Belin on Communists/5027.

9. Dale Herspring: re Freidin on Putin/5025.

10. Jerry Hough: Re: 5027-Bush Aid Threat.

11. Kenneth Weisbrode: re Walker piece/5027.

12. RFE/RL: Sophie Lambroschini, Putin Meets Journalists To Show Tolerance To Criticism.

13. Reuters: Reform Russia's draconian judges and jails-experts.

14. Itar-Tass: Refugees Face Trouble in Russia, Unwilling to Go Back.

15. New York Times: Dean Murphy, Moscow 'Spy' Case Is Still a Mystery.

(Pope)]

#1

Christian Science Monitor

January 16, 2001

Chechnya's perils and plight

A European human rights delegation arrived Sunday, following abduction of an

American aid worker.

By Scott Peterson and Fred Weir

Staff of The Christian Science Monitor

Just like war, kidnapping may be an extension of politics by other means.

But the recent seizure of an American relief worker in Chechnya, Russia's separatist republic, also underscores the fragile vulnerability of aid workers in murky war zones.

Raised anew are concerns that aid work has become even more difficult, as Chechnya endures its second winter of conflict. The episode also explodes claims by Russian forces - considered by some to be prime suspects in this abduction - to have restored order in the republic after 18 months of war.

The United Nations and other relief agencies suspended operations in Chechnya after Kenneth Gluck, with the Nobel Peace Prize-winning humanitarian organization Medecins Sans Frontieres (Doctors Without Borders), was seized from an aid convoy by masked gunmen near Stari Atagi, south of the Chechen capital, Grozny, one week ago.

It is the same area where another American relief worker, Fred Cuny, disappeared during the first Chechen war in April 1995.

"Our concern is the people in need. They are the ones suffering needlessly through this," says Jim Lewis, the logistical coordinator for MSF-Holland in Moscow. "I'm sure the people who abducted Kenny are aware of the repercussions."

Russia immediately blamed Chechen guerrillas, who in turn denied any role, and vowed to find Mr. Gluck. Russian officials also accused MSF of being in Chechnya illegally - an allegation the group denies - and noted that kidnapping was once a top money-earning industry during Chechnya's failed bid at self-rule from 1996 to 1999.

Moscow has made it clear that aid workers are unwelcome and made relief access extremely difficult. In a late December appearance on a Russian talk show, Russian officials were visibly discomfited when Gluck, the lone dissenting voice, criticized Russia's role in Chechnya and became somewhat emotional about the continued suffering of Chechens.

Russian forces have created an atmosphere of "psychological intimidation," says Lipkhan Basayeva, a member of the Russian human rights group Memorial, who is based in Ingushetia. In recent months, Gluck and his local staff had sometimes been delayed at Russian checkpoints, and accused of "collecting military information," says Ms. Basayeva.

Chechen civilians have alleged they were held for ransom by Russian troops. "It is very easy to provide protection from the bandits. The problem is to provide protection from federal troops," says Basayeva. "From our point of view, [Gluck's] kidnapping was either an organized and well-planned action [by Russians] or an initiative of some Russian military groups controlled by nobody."

Russian officials dismiss such claims as an "exotic version" of events.

Russian troops stand accused of a host of human rights abuses against civilians, and are frustrated that a campaign once billed as "limited" - and officially launched, in part, to stop kidnapping - has bogged down.

"Nobody wins," says Alexei Malashenko, an analyst with the Carnegie Endowment in Moscow. The Chechen people are the "biggest" losers, as well as Chechen rebels, "because their image as lawless and undisciplined criminal gangs has been vividly revived.

"It is not an unqualified propaganda success for Russia" either, he adds, "because Moscow's inability to control the region or even provide elementary security is clearly underlined by this episode."

Caught in the middle are relief agencies like MSF, which since February last year has expanded work in Chechnya to include supplying medical help to 120,000 people per month.

Barely a handful of agencies work in Chechnya itself. Most of those use local staff to deliver food and supplies to the needy, while dozens help with the tens of thousands of Chechen refugees in the neighboring Russian republic of Ingushetia.

Ramifications of strict new security precautions affect everybody, however, and point to a Catch-22.

"[MSF] not only put their personal lives at risk, but they put into risk the whole humanitarian operation," says a relief worker in Ingushetia, who asked not to be further identified. "This is the first thing they should think about."

"We didn't jeopardize anybody," counters Mr. Lewis. "Do they think we should not have been there at all? What people don't understand is that there is as much risk of kidnapping in Ingushetia and [the former Soviet republic of] Georgia as there is in Chechnya."

While Russian officials accuse "Chechen terrorists" of the kidnapping, Lt. Gen. Ivan Babichev, the chief of Russian federal forces in Chechnya, told Russian news agencies Jan. 10, "part of the blame for this tragedy lies with [MSF] itself."

MSF notes that General Babichev's name appears on all of its permission

forms, which are approved every 14 days with exact names, car license plate numbers, and work districts.

Gluck's convoy, which included another American working for the agency Action International Contre le Faim, passed through a dozen Russian checkpoints before being ambushed.

Dozens of foreigners, mostly aid and technical workers, were seized and held for ransom by Chechen gangs between 1997 and 1999. But Gluck is the first foreigner kidnapped in Chechnya since October 1999.

Although Chechen rebels succeeded in defeating Russian forces during the previous 1994-'96 conflict, they failed to build a viable peace.

Chechnya's first elected president, Aslan Maskhadov, tried unsuccessfully to curb local warlords. They turned drug smuggling, arms peddling, and kidnapping into the enclave's most lucrative businesses. The region's endemic lawlessness was cited as a key reason for Russia's latest military intervention.

Though no evidence has ever been revealed, the Kremlin blamed Chechen "terrorists" for a string of apartment bombings across Russia in August and September 1999 that left more than 300 dead. Russian officials used the bombings - and their high emotional impact - as part of the pretext to send Russian troops into Chechnya.

On the wave of popularity raised by his decisive handling of Chechnya, Vladimir Putin - a former KGB spy - rode to victory in presidential elections in March last year.

"The Gluck kidnapping shows that military force has changed nothing on the ground in Chechnya," says Svytoslav Kaspe, chief analyst with the independent Public Policy Center in Moscow.

"Chechnya has become a zone of tragedy, where there is no law but the gun. If aid groups pull out now, it will be a serious blow to the well-being of people there," he says. "Our federal authorities are incapable of providing the necessary levels of assistance to the people of Chechnya."

A delegation for the Council of Europe's Parliamentary Assembly arrived in the Caucasus over the weekend to look into claims of human rights abuses committed by Russian troops.

Delegation chief, Britain's Lord Judd, told reporters on Sunday, "There is still a very disturbing gap between the number of [registered] cases ... and cases brought to court." He noted that of some 500 complaints, only 10 were

were sent to court.

Later this month, the assembly is due to review last year's suspension of Russia's voting rights, withdrawn over the situation in Chechnya.

#2 Russia Ratchets up Pressure on the US over ABM Treaty

ROME, Jan 15 (AFP) - Russia is ready to accept further limits to its missile arsenal provided the United States sticks to the 1972 Anti-Ballistic Missile (ABM) Treaty, Foreign Minister Igor Ivanov said Monday.

"We are ready to accept considerable new limits to strategic offensive weapons," said Ivanov, after a meeting in Rome with Italian Foreign Minister Lamberto Dini.

The remarks came less than a week before US President-elect George W. Bush takes office and brings in an administration that has come out in support of a new anti-missile system -- dubbed the National Missile Defense system (NMD) -- in violation of the ABM treaty.

"I informed my Italian colleagues in detail of these latest Russian proposals," he added, restating Moscow's commitment to the ABM Treaty.

The latest offer comes amid growing concern in Russia, China and a number of European Union countries -- including Italy -- about plans in the United States for NMD.

The system, which is currently only at the development stage, would be aimed at intercepting missiles fired at US territory by rogue states such as North Korea, Iraq or Iran. But it would violate the ABM Treaty.

Outgoing President Bill Clinton has left a final decision on whether to go ahead with the system to Bush.

Javier Solana, the EU's top representative for foreign and security policy, cast doubt on the feasibility of the proposed system in an interview published Monday in the German daily Sueddeutsche Zeitung.

"It is questionable whether such a shield really could protect against attacks from so-called rogue states or terrorists," he said.

Solana, who was formerly NATO secretary general, also anticipated difficult discussions ahead both inside NATO and with Russia and China.

In an interview published Sunday, Ivanov told the Italian daily Corriere della Sera that he did not regard the United States as having the right to unilaterally decide on the missile defence system.

"We will make an effort to find non-destabilising responses to US security concerns. In our view, security is better guaranteed in common, without

unilateral measures which could undermine strategic stability," he said.

#3
Russia denies trying to sign defence treaty with China
Interfax

Moscow, 15 January: Moscow has refuted Western press reports saying that China and Russia are holding negotiations to sign a bilateral defence treaty.

"In fact Moscow and Beijing have started to draft an absolutely different document," sources told Interfax today.

"It is a matter of a new comprehensive political treaty between Russia and China to sum up everything positive that has been amassed in bilateral relations over the past decade and to serve as the basis for their development in the 21st century," they said.

The treaty will be based on documents "signed by Russia and China over recent years, which do not include any mutual commitments of the military-political kind, and even more so don't include agreements about assistance in case of an attack", the sources emphasized.

In late December 2000 Russian and Chinese experts "for the first time discussed ways of working on the new treaty", the sources said. "So it is premature to speak about the concrete wording of the document. It simply does not currently exist."

Interfax has learned that the new treaty may be signed during a Moscow visit of Chinese President Jiang Zemin in 2001.

A previous comprehensive treaty, signed by the former Soviet Union and China in the 1950s, expired in 1979. Beijing decided against extending the treaty, guided by the principle not to sign new political bilateral accords.

#4
The Russia Journal
January 13-29, 2001
Good, but not good enough
By Otto Latsis

As statistics show, the last year of the 20th century was a surprisingly good one for Russia economically. GDP rose by almost 8 percent, industrial output by 10 percent and there was an almost 20 percent growth in fixed

capital investment ? something not seen in Russia or the Soviet Union for the last 30 years.

A positive trade balance of over \$5 billion a month is a record in the history of Russia and the Soviet Union. Grain production increased by almost 20 percent ? a rare success, especially after the bad harvest of 1999, which ate into grain reserves. To top off these achievements, real incomes grew by over 9 percent.

Results for 1999 were not so bad either, but a year before that, in the midst of the 1998 financial crisis, desperate Russians wouldn't have believed for a moment that only two years on there would be such rapid growth.

The irony is that this current success is not necessarily a reason for optimism. The present growth spurt comes after a decade-long crisis that saw GDP drop by half, cut real incomes by at least a third and caused a five-fold fall in investment. One or two successful years don't come even close to making up for these kinds of losses.

Everything would be heading for the best if last year's growth were ushering in a new era of long term economic recovery. If this were the case, in another 8-10 years, GDP will have doubled, and we would be living in an entirely different country.

But for the moment, nothing promises this kind of radiant future. Economic growth forecasts for 2001 are between the 4-5 percent calculated by the government in its budget, and zero growth forecast by presidential economic advisor Andrei Illarionov. Signs abound that the last 18 months of rapid growth are coming to an end. Almost all analysts say that temporary factors have been driving the upturn, while little has been done to ensure long-term and stable growth.

The only real economic reform so far has been tax reform. But even there, the government was obliged to make concessions to get the tax amendments through parliament and it's not yet clear whether the changes in the tax system will have any real impact on the economic behavior of companies and individuals. Calculations show that the tax burden on manufacturers will fall only slightly or not at all.

But significant tax cuts would have required the government to scale back state spending. This is the opposite of what is happening ? riding on last year's good results, the government sharply increased spending.

There were some good reasons to increase spending. The default and banking crisis of 1998 and the subsequent ruble devaluation and inflation cut people's incomes, especially those of pensioners and state-sector employees. Wage and pension debts accumulated; the situation in the armed forces and among retired servicemen worsened. Debts to companies, especially defense industry enterprises, increased. This set off an avalanche of non-payments at every level. When the government finally began to receive extra income from rising oil prices, it set about paying back all its accumulated debts.

For a while, public opinion showed more satisfaction with the social situation, something that was reflected in the presidential elections. But this took the urgency off carrying out the reforms needed to bring down state spending. All these reforms – housing reform, military, health and education reform, structural reform of industry – are painful for the population and politically difficult to implement.

The experience of both the Soviet Union and Russia shows that the political will, which the authorities like to talk about of late, is of little help in carrying out these kinds of reforms. A much greater stimulus is provided by economic necessity, or, to put it more simply, by empty state coffers. This pressure wasn't felt in 2000.

Most Russians saw the 1998 crisis as a temporary misfortune, only asking themselves when they'd finally crawl out of the abyss. The upturn of 1999 and 2000 helped us get back on our feet. Now it's time to see just what we're worth.

The average monthly per capita income is \$70, the average wage is \$80 and the average pension is \$30. Official statistics put a third of the population below the poverty line. The state won't be able to bring back accessible free education and health care anytime soon.

The country still bears the burden of a \$150-billion foreign debt and lives with the constant threat of disasters brought about by worn-out equipment and facilities. Like the third-world economies of Africa, Russia continues to depend on world raw-materials prices, which it doesn't control, rather than on the competitiveness of its products.

This is the real result of the 20th century's final year. It shows there's no such thing as miracles. Our life will improve only through much hard work, and only with time. This will take political will from the whole country, and no old-new national anthems will help here.

#5
"Renewed socialism" final goal of new Russian political movement
Russian news agency RIA

Moscow, 13 January: The final goal of the Russia left-wing democratic movement is "to build a renewed socialism in our country", Russia leader and State Duma speaker Gennadiy Seleznev said at a news conference during an intermission of its first congress.

Seleznev said that "building a social state is exactly what socialism means".

"The Russians who view themselves as left-wingers and left centrists are far more in number than those viewing themselves as right-wingers," Seleznev said. "Provided we succeed in attracting them to our side, the movement will

become a serious and influential centre-left organization," Seleznev said.

The movement will back the executive power in the event the latter promotes formation of the social state in Russia, Seleznev said.

"If people's rights only start to be limited, social programmes are rolled up and the living standards do not grow, we will firmly oppose this," Seleznev said and stressed that "this opposition will be a constructive one".

The movement intends to present to the president and the government a whole package of social programmes. In this connection Seleznev said that "the latest steps by the government show that it begins to proceed from the life rather than from invented theories".

#6

Moscow Times

January 16, 2001

Press: As Free as Putin Says

By Yevgenia Albats

Institutions do matter. That maxim has once again become vividly and painfully clear after President Vladimir Putin's meeting with the editors of the 32 national media outlets in the Kremlin on Saturday.

The topic of the meeting was stated by Putin himself, who paraphrased Mark Twain's famous bon mot, saying: "Reports that freedom of the press in Russia is dead have been quite exaggerated." Thus, according to the sources present at the gathering, the heart of the discussion was whether to put a question mark after that sentiment or a period. For seven out of 10 editors who chose to speak directly on the subject, the question mark seemed to most appropriate.

"The question is not whether freedom of the press dead or not, the question is whether the situation with that freedom has become worse over the last year or not. My answer is: It has become worse," said Alexei Venediktov, editor of popular radio station Ekho Moskvyy. That station is part of the opposition Media-MOST group, whose owner, Vladimir Gusinsky, is presently under assault from the Kremlin.

However, some other editors whose media outlets have been presumed loyal to the regime so far appeared to be quite concerned about freedom of the press as well. Consider the case of Izvestia, the biggest-circulation national daily, which can hardly be considered oppositionist. Last December, in the heat of the discussion about the new/old national anthem, Izvestia published letters from representatives of the intelligentsia that were strongly against reinstating the Stalinist anthem that Putin favored.

The next day, Izvestia's management was told that the Kremlin's powerful management department (which was powerful enough, for instance, to have the Mabetex corruption case against its former boss Pavel Borodin closed in December) had filed a suit in the arbitration court questioning the

legitimacy of the privatization of Izvestia's main building. As is the case with every other media outlet that existed during Soviet times, Izvestia's building was state property and came to be owned by the paper during the wild privatization of the early Yeltsin years.

Most of these privatization deals, of course, can hardly withstand close scrutiny — although those of many businesses that have fallen from grace since Yeltsin resigned face exactly that prospect. This is because back then, institutions (such as a sound legal framework, which is crucial) were considered less important than moving quickly to implement economic reforms. In short, the suit has since been put on hold (but, significantly, not withdrawn) after certain compromises on the part of Izvestia's management. Whether or not the suit is revived will clearly depend on the paper's contents in the future.

"Give me the name of the bureaucrat [who attacked you]," Putin told Izvestia's editor Mikhail Kozhokin after he briefly outlined the problem. According to my sources, Kozhokin declined to name names. For good reason. It doesn't matter whether or not Putin's surprise was real or feigned. What matters is that it is clear the Kremlin has sufficient tools to manage disloyal media. The "legal grounds" for such management are always available. Loans can be recalled (as is the case with Media-MOST), customs deals can be investigated (as happened to ORT), privatizations can be re-examined (as with Izvestia).

Of course, to some extent Russia's media companies themselves bear responsibility for this situation, but no more than the Kremlin does. Ignoring the law in order to accelerate economic reform was a silent, but mutual agreement on the part of all involved. The result, though, is that the extent of freedom of the press in Russia depends entirely on the opinions and actions of the country's top leaders. Yeltsin supported freedom of the press and, voila, it existed. Putin does not.

For Putin, media are good only to the extent that they endorse the state's policies without questioning them. When they don't, they become the state's enemies, as Putin himself said during his state of the nation address last June. In that speech, he divided the media into gosudarstvenniye (state) and anti-gosudarstvenniye (anti-state). According to the participants I spoke to, Saturday's meeting with the editors merely underscored that point.

Thus, the ball now is in the journalists' court. They must decide how much of their freedom they are willing to give up in order to maintain their well-being.

Yevgenia Albats is an independent, Moscow-based journalist.

#7

From: "Charles Price" <charles.price@queens.oxford.ac.uk>
Subject: Oxford University panel discussion/Russia in 2020
Date: Tue, 9 Jan 2001

Dear David,

UK-based JRL readers may be interested in attending a panel discussion "Russia in 2020", to be held on Friday 19 January, organised by the Oxford University Russian Society. See below for details, and/or go to our web site for additional information on the society:

<http://www.russoc.org>>www.russoc.org

There is no charge for attendance, though donations to the society are appreciated. Also, I would be grateful if those who intend to come could email me, so that I have some idea about numbers.

Regards, Charles Price The Queen's College Oxford, OX1 4AW United Kingdom
charles.price@queens.ox.ac.uk

RUSSIA in 2020 TIME: 5pm-7pm, Friday, January 19th 2001 PLACE: The Taylor Institution (Main lecture hall), St Giles, Oxford, OX1 3NA. (In the town centre, opposite the Randolph Hotel and adjacent to the Ashmolean Museum.) CHAIRMAN: Dr Alex Pravda (University of Oxford)
PANEL SPEAKERS: Mr Vladimir Andreyev, Russian Embassy, London (Russian viewpoint)
Dr Oksana Antonenko, International Institute for Strategic Studies (Military)
Prof Phil Hanson, University of Birmingham (Economics)
Prof Richard Sakwa, University of Kent (Politics)
Mr Xan Smiley, European Affairs Editor, The Economist (Foreign affairs)
Geoffrey Townsend, Partner, KPMG Moscow, (Business environment) Lorraine Ruffing, United Nations Conference on Trade and Development (Regulatory environment) TRAVEL: The train station is about ten minutes by foot from the Taylor Institution and it is about 1.5 hours by train from London. The nearest carpark is at the train station; watch out for Oxford's complicated one-way system. The bus (1.5hrs) is probably the most convenient way to get to Oxford from London; see <http://www.stagecoach-oxford.co.uk/> for timetables.

#8

From: JBUMoscow@aol.com (Joan Urban)

Date: Mon, 15

Subject: Re Belin on Communists, #5027

I would like to second Laura Belin's clarifications in JRL #5027 regarding the Russian Communists. The myth-making skills of our media constantly boggle my mind, and we Russia watchers should all make a more concerted effort to call them on the carpet, when needed.

Two points Laura did not address, however. First, in the 1995 Duma elections some 4.5% of the votes went to the radical left "Communists of Russia, Toiling Russia." In other words, the total pro-communist votes cast remained fairly constant, in percentage terms, between 1995 and 1999. Secondly, it's not at all clear that the communists, either before or after the 1993 Black October confrontation, were in a position to stall "economic reform."

More to the point, we must finally begin to clarify what we mean when we say

"economic reform." In the historical European context, this phrase lends itself to multiple definitions, many of them at direct odds with one another.

Only relatively recently has it come to mean, for many in the media at least, the development of unfettered free market relations. For decades in Western Europe, however, the notion of "economic reform" conveyed the idea of mitigating the impact of the unfettered free market on the wages and living standards of the majority of a given country's citizens. But perhaps this is a topic to address at another time....

Joan Barth Urban (co-author of Russia's Communists at the Crossroads, Westview, 1997)

#9

From: falka@ksu.edu (Dale Herspring)

Date: Mon, 15 Jan 2001

Subject: Freidin on Putin/5025

While I tend to agree with much of what Gregory Freidin had to say about actions Putin has taken this year, I can only hope that he is not trying to inflict postmodernist deconstructionism on us in his new book. Let's be honest, Putin's recent use of symbols is really very simple -- much more simple than the last two paras of Mr. Friedin's article suggests. He is a compromiser -- one who was looking for the middle of the road in an effort to please the communists, the nationalists, the military, and the vast majority of the populace. Why do we need postmodern constructionism to tell us that? Boggles one's mind.

#10

Date: Mon, 15 Jan 2001

From: "Jerry F. Hough" <jhough@duke.edu>

Subject: Re: 5027-Bush Aid Threat

The Moscow liberal response to Bush shows why his policy is wise. The Clinton Administration did not support democracy and the market in Russia; it was interested only in getting through the 1996 and 2000 elections in the US. The new Administration has a very different interest, and so does Russia.

The liberals must understand that they need to ally with Big Business ("the nomenklatura") in a pro-capitalist, pro-growth party like the Republicans in the 19th century and the Liberal Democrats in Japan. I read Putin's party "reform" as an attempt to establish a Japanese type party system, with one big pro-capitalist party and an

opposition that is allowed to compete but not win on the national level. The likely continuation of the KGB party of Zhirinovsky to divide the opposition vote is one part of this. (Laura Belin was absolutely right that the Communists have not had a majority, for the government party, the Liberal Democrats, has been mislabelled opposition.) But if the parties of Gaidar, Yavlinsky, and Kiriyenko are rolled into the pro-capitalist party, nothing is so important for the development of Japanese like democracy of the second half of the 20th century, the best for which we can hope. If President Bush simply abolishes the so-called Democracy Program whose de facto goal was to divide the pro-capitalist forces and to subsidize pro-Yeltsin forces who supported dictatorship, no other move is likely to do more good. If the money cut from "aid" is rolled into programs like Jim Billington's Library of Congress program to bring more regional officials of all levels to America, there will be a double gain.

I suspect the change in Treasury is important. Rubin represented Wall Street and its interests are in the financial realm. The new Secretary comes out of Big Business, and Big Business is interested in growth and in tariffs. When President Bush says that we want what is congenial for investment, that is absolutely right. Remember the hundreds of billions required in East Germany, with one-eighth the population of Russia. It is when the Russian liberals start talking about serious agricultural reform and started talking about Gerschenkron that there is hope for Russia. President Bush certainly seems to be pushing them to do that. Three cheers.

#11

Date: Mon, 15 Jan 2001
From: Kenneth Weisbrode <weisbrod@fas.harvard.edu>
Subject: Walker piece/5027

Dear David,

The piece by Martin Walker you featured carries an intriguing implication, reminiscent of the "strategic surrender" controversy of the late 1950s. It is one thing to flatter Putin for making the best of a difficult situation. It is quite another to suggest that Russia's points of weakness are the source of its strength. I imagine the latter view would significantly affect assumptions of the aims and methods of both Soviet and post-Soviet rulers. Does anybody really think that weakness mitigates itself? I'm curious to know the views of others.

#12

Russia: Putin Meets Journalists To Show Tolerance To Criticism
By Sophie Lambroschini

In an attempt to demonstrate tolerance of media criticism, Russian

President

Vladimir Putin over the weekend held an unusually long meeting with Russia's top journalists. But RFE/RL's Moscow correspondent Sophie Lambroschini reports that analysts, as well as some participants at the get-together, were puzzled over the timing of the meeting, in the midst of continuing official harassment of Media-Most, Russia's largest private media group.

Moscow, 15 January 2001 (RFE/RL) -- In the Kremlin on Saturday, Vladimir Putin had almost five hours of non-stop discussion with 32 top Russian journalists -- chief editors of Russian newspapers, magazines, radio and television stations.

The official message of the highly publicized marathon meeting was clear: Russia's president, often accused of trying to curb press freedom, was demonstrating his "openness" and tolerance of media criticism.

But analysts and some participants at the get-together were left guessing what the Kremlin really hoped to achieve by the meeting, which comes amid renewed harassment of Media-Most, Russia's largest private media group, and its chief executive, Vladimir Gusinsky.

On the two days before the meeting, the offices of two Media-Most officials were searched by law-enforcement agents. Today, according to NTV television -- owned by Media-Most -- officials from Russia's Prosecutor-General's office are questioning the station's accountant. And Russian prosecutors are continuing their efforts to get Gusinsky -- who is currently in Spain -- extradited to Russia.

Putin's remarks to the journalists on Saturday differed little from his previous public statements about the media. He again denied any intention to limit freedom of the press. On the contrary, he said, the government welcomes press criticism as constructive.

"Many of you express differing views on everything happening in the country and on our foreign policy initiatives and moves, and you sometimes -- maybe even very often -- make very sharp criticism. The authorities have to swallow it, is useful for authorities at any level because it forces them to react to the mistakes that those holding power sometimes make."

Several journalists present at Saturday's meeting -- including some usually supportive of Putin -- strongly criticized the government's months-long campaign against Media-Most for being politically motivated. They dismissed the official line that repayment of the group's large debts -- and not press freedom -- was the real issue at stake.

According to participants in the meeting, Putin admitted that raids by

masked and armed law-enforcement officers in media offices were what he termed "nonsense." But he denied he had any control over these organs. Putin did, however, promise not to "force through" the State Duma controversial harsh amendments to Russia's current liberal law on the media.

On the NTV current-affairs program "Itogi" last night, Aleksey Venediktov, the chief editor of the Ekho Moskvyy radio station -- a part of Media-Most

-- underlined the importance of Putin's pledge. But Venediktov, who spoke for almost 40 minutes at Saturday's meeting, also stressed on NTV that the central problem is what he sees as the president's muddled conception of press freedom.

Venediktov explained that Putin perceives press freedom not as a democratic value but as what he called an instrument "to achieve his goal" of a strong and prosperous Russia. Venediktov said that Russian journalists are granted freedom only as long as they serve Putin's aims. He said the Kremlin viewed journalists as what he described as "hammers" meant to hammer home the Kremlin's policies.

For some analysts, Saturday's meeting may be a sign of the Kremlin's fears that growing political and social tensions in Russia could compromise media support.

Carnegie analyst Andrey Ryabov says the meeting signals a continuation of last year's Kremlin policy of trying to build what he calls an "information vertical." With such a construction, he says, the official line is imposed from the top.

But Ryabov says the meeting also reflects Kremlin fear that, despite wide support, its attempt to domesticate the media may not be succeeding. He says that, with the continuing war in Chechnya and thousands in the Russian Far East freezing after local heating systems broke down, the Kremlin seems to be "seeking to insure itself against a looming threat" of criticism.

Ryabov outlined for RFE/RL what he says was Putin's efforts at the meeting to convince editors that they should give a more optimistic twist to their reporting.

"In other words, the less there are real political improvements, the more distinctly the media should express a positive line, a positive interpretation. It is not by coincidence that, as far as I know during this meeting Putin stressed the themes of the need for 'strengthening the state,' for a 'positive outlook on reality,' and for an optimistic atmosphere."

In fact, over the past two months, many media outlets have given wide coverage to the Far East heating breakdowns showing federal authorities helpless in face of the crisis. So, it is hardly a coincidence that at Saturday's meeting -- according to state television RTR -- Putin didn't

miss
the opportunity to rebuke journalists for reporting only bad news on
Russia's
regions.

#13

Reform Russia's draconian judges and jails-experts
By Daniel McLaughlin

MOSCOW, Jan 15 (Reuters) - Russia must accelerate legal reform and change
its
attitude towards crime to stop the country's decrepit and disease-ridden
jails from bursting at the seams, a Kremlin aide and prison experts said on
Monday.

About 40,000 children are among the nearly one million Russians living in
cramped prison conditions which are a breeding ground for disease and
criminality, they said, telling judges they had to abandon their draconian
sentencing habits.

"The biggest problem is to create the right awareness in our culture...and
among our judges at the end of the day as the ultimate law-enforcers," said
Sergei Vitsin, a member of President Vladimir Putin's pardons commission.

"While our courts still hand down prison terms for stealing a bottle of
milk,
potatoes or a table cloth worth seven roubles (\$0.247) they will not fulfil
their designated function," he told reporters.

"It will be a system which enriches criminal potential and lessens our
chances of overcoming a social evil, namely, crime."

Valery Abramkin, director of the State Centre for Cooperation on Criminal
Justice Reform, said most of the children in Russia's young offenders'
prisons had only committed petty theft and had been forgotten by the
country's politicians.

He said prisons allocated only about five roubles a day to feeding each
youngster and that inmates rarely had a piece of paper or a pen to write a
letter home. When they did, they usually asked relatives to send them food,
Abramkin said.

"We asked the youngsters what they most wanted for Christmas and in first
place came a loaf of bread. That's horrible to hear," he said, urging
Russians to help an appeal to collect small presents for young prisoners.

"For me the main task of the project is to reawaken our people's great
traditions that have been lost over the last 70 years...the people who are
taking part have begun to comprehend the horrible things that have happened
to these children."

OVERCROWDING SPAWNS DISEASE

Vitsin said attitudes among officials were becoming more liberal and support was growing for another amnesty for minor criminals after the successful release of tens of thousands of non-violent prisoners in the last two years. But Russia must stop looking abroad for funding to improve conditions, he said.

"When help from Russian sources finally exceeds that from foreign ones it is a good sign that a civil society is really forming in Russia," he said.

Oleg Filimonov, deputy chief of the Justice Ministry's Administration for the Implementation of Punishment, said the United States had overtaken Russia as the country with the largest prison population, and that plans to build more detention centres and jails should further ease overcrowding.

"For the last 10 years, we have not had less than a million (prisoners) in our facilities. As of December 2000, we had 990,000," he said, adding that the State Duma (lower house of parliament) would soon vote on another amnesty bill to free more than 200,000 prisoners over the next two years.

Filimonov said the 1.4 billion roubles earmarked for prisons in the 2001 budget was almost double last year's investment, but admitted foreign help was still desperately needed to fight rampant tuberculosis in jails.

He said about 92,000 prisoners were infected with the disease, and that international donors intended to give Russia \$39 million this year to help fund its fight with the highly contagious killer.

(\$1-28.35 Rouble)

#14

Refugees Face Trouble in Russia, Unwilling to Go Back. .

ZELENOGRADSKAYA, OUTSIDE MOSCOW, January 15 (Itar-Tass) - TV sets, CD players, framed quotations from the Koran hanging on the walls and endless talk about the deserted Motherland are all typical of a refugee camp some 40 kilometres north-east of Moscow.

The camp near Zelenogradskaya railway station, which was set up in the early 1990s on the basis of an out-of-town rest home to accommodate migrants, now provides shelter to about 300 people, mostly Afghan.

But there are also approximately 15 families from Iraq in the camp, as well

as persons in exile from Iran, Sudan and other Asian and African nations. ethan any refugee camp in the North Caucasus, disease has not passed it by.

There have been tuberculosis cases in the Zelenogradskaya camp, but all those affected have been taken to hospital.

Some people have been living there for more than five years and still cannot obtain asylum in Russia, let alone citizenship.

Since they do not have any reliable papers, refugees say they often have to pay off police raids on the camp.

Nevertheless, life is going on there, and many camp residents work in a semi-legal manner to make both ends meet, while little ones go to a local school where most subjects are taught in Russian.

Different people have different aspirations. Many want to leave for Western Europe to join their relatives.

There are strong Kurdish communities in Sweden, Germany and the Netherlands, and Zelenogradskaya inhabitants from Iraq are looking forward to going West.

However, the main problem they face is lack of money, since what the United Nations High Commissioner for Refugees (UNHCR) Moscow office gives them is not enough for a crossborder trip.

"We finance the camp and pay for its residents' board and lodging," Vera Soboleva, a spokeswoman for the UNHCR Moscow office, told Tass.

The camp receives help from other organisations as well, such as Ekvilibr-Solidarnost, a Russian non-governmental charity.

If migrants cannot leave Russia, either legally or illegally, they try to wrench out of Moscow recognition as refugees.

But out of the 14,270 people who have arrived in Russia and applied for refugee status since 1993, only 581 have succeeded in it so far, migrant-handling sources said.

A lot of difficulties in obtaining refugee status boil down to imperfect legislation on migrants. A law in this respect was adopted in 1993, but it was considered too lavish, so migration authorities did all they could to have it amended.

The 1993 law obliged Russian authorities to provide refugees with work and housing. But stricter legislation was passed in 1997 to curb some of Moscow's commitments to refugees.

Under the new law, Russia is supposed to help them with finding work and

housing, which is not so expensive for the government as providing them with it.

Despite this and some other changes in refugee legislation, this law has some flaws, which make it work very slowly and inefficiently.

Migrants, mostly those coming from Iraq, say Moscow repudiates them for political reasons. For example, only one of the 1,881 Iraqis has been recognised a refugee by Russian authorities since 1993.

"I am going to lose my mind soon. I have been in Russia for about two years, and they have not given me refugee status so far," says Sardar Mohammed Karim, a Kurd from northern Iraq.

"Police often put me in jail because they are not satisfied with my papers, but as soon as you give them 50 roubles (about 1.8 dollars) they set you free," laments Karim, who had been an Arabic teacher in the Kurdish city of Irbil before he found his way to Russia.

Karim, who is now living in Moscow, had made a very long journey to get to Russia, which included Iran, Afghanistan, Pakistan and Turkmenistan, and he probably had not crossed all the borders legally.

"If the Russian authorities do not give me refugee status I am going to travel back to Afghanistan where I used to teach Arabic to Afghan children," he said.

Hadi Ghulam, who is a Zelenogradskaya inhabitant, is not satisfied with his life in Russia either. Out of his seven-strong family living with him, only his five children work "in a black-market manner," he admits.

Unlike many of his younger compatriots who speak Kurdish and Russian but scarcely any decent Arabic, Ghulam speaks perfect Arabic.

No wonder, since he had been a high-ranking radio and TV official in Iraqi Kurdistan before arriving in Russia. He left Iraq after a quarrel with Jalal Talabani, secretary-general of the Patriotic Union of Kurdistan.

"Russia has been betting on the regime ruling in Baghdad, but it is a nearly dead regime, and the Yugoslavia events showed that it was imprudent to ignore the opposition," Ghulam said. But most Kurdish refugees are unwilling to return to Iraq because of safety reasons.

Although Iraqi President Saddam Hussain's power does not involve Kurdistan, they are wary of intra-Kurdish clashes in the region, as well as frequent Turkish army incursions into northern Iraq.

#15

New York Times

January 15, 2001

[for personal use only]

Moscow 'Spy' Case Is Still a Mystery

By DEAN E. MURPHY

TATE COLLEGE, Pa., Jan. 9 - Aside from his wife, Edmond D. Pope probably had no greater advocate proclaiming his innocence on charges of spying in Russia than Representative John E. Peterson.

In a telephone conversation, Mr. Pope described the congressman as "one of the two heroes" in winning his release in December after he was convicted of espionage. The other was his wife, Cheri.

Yet ask the congressman today whether Mr. Pope was spying, and the answer might be surprising. "I am going to be candid with you: I didn't know," said

Mr. Peterson, a Republican former supermarket owner who represents the rolling woodlands here in central Pennsylvania where the Popes live.

"I checked with a lot of people, with the military and with the C.I.A., and everybody said he is not a spy," he said. "Personally, I don't think he is, but I don't care. If you were spying for the United States government, would you want us to desert you?"

Mr. Pope, 54, was pardoned by President Vladimir V. Putin and is back at home on the outskirts of this college town, where until 1997 he worked for a research lab at Pennsylvania State University that specializes in defense contracts.

A former Navy intelligence officer, Mr. Pope is only the second American in 40 years to be convicted of espionage in Russia. The first, Francis Gary Powers, the pilot of a U-2 spy plane that was shot down in 1960, was exchanged for a convicted Soviet spy.

Throughout Mr. Pope's ordeal, which began with his arrest in a hotel in Moscow last April, supposedly for trying to buy classified military information, American officials declared that he was an innocent businessman not interested in state secrets. They also insisted that his life was in danger because he suffered from a rare form of cancer that had probably worsened in prison.

A month after Mr. Pope's return home, considerable uncertainty surrounds both

assertions. He is not dying. And although he may not have been a spy in the classic James Bond sense, he was a wheeler-dealer who was friendly with intelligence officials and who associates say would readily sell Russian military technology to the Defense Department if he could.

Among his biggest clients was a former employer, the Office of Naval Research, which coordinates technology needs for the Navy and the Marine Corps. "It is where business and espionage meet," an intelligence official in Washington said of Mr. Pope's Russian endeavors.

Mr. Pope acknowledged during two telephone conversations that his cancer, in remission for some time, had not recurred during his eight months in Lefortovo Prison, just as his Russian physicians had said.

He also indicated that he had not been mistreated in prison. "The media attention and public awareness is what saved me, not the State Department," Mr. Pope said, declining to give a broader interview.

Mr. Peterson acknowledged that no one knew during Mr. Pope's detention whether his cancer had returned, but that raising the likelihood was part of a strategy to win his freedom. "Having been a retailer, I know that good advertising is something boring, because you keep saying it until it becomes habit," Mr. Peterson said.

No American officials have suggested that Mr. Pope was employed by an intelligence agency as the Russians charged, but it is clear that the circumstances of his business dealings were not as free of suspicion as his supporters sought to portray them.

Since the demise of the Soviet Union in 1991, there has been a push in the United States to obtain Soviet- era technology and to ensure that important Soviet military know-how does not end up in the wrong hands.

Military, intelligence and business people who deal regularly with Russia said Mr. Pope's interest in cutting-edge Russian military technology placed him in a murky world where business people and academics sometimes do the bidding of the American military for profit.

If the Russians were nervous about sensitive military research getting into Western hands, as many Russian analysts contend, cracking down on someone like Mr. Pope, who had visited Russia more than two dozen times and had a broad network of contacts, would send a chilling signal.

"You have to recognize that the boundary is increasingly blurred between technology which has primarily peaceful purposes and technology which is dual use, military as well as civilian," said Sam Wilson, a retired general and former director of the Defense Intelligence Agency.

Mr. Pope's goal was to make money for himself and his contacts in Russia,

associates said. And while he endeavored to work through approved channels, the nature of his dealings entailed walking a shifting line of authority.

His own lawyer in Moscow indicated that Mr. Pope could well have purchased classified information without even knowing it. Representative Peterson said he had received bizarre offers to assist Mr. Pope, including some from international armaments dealers.

It was not uncommon, one of Mr. Pope's partners said, for Mr. Pope to be inundated with 100 unsolicited proposals from scientists on his arrival in Moscow.

"The typical negotiation over there went like this," said Keith McClellan, a lawyer and business partner. " 'We want a million dollars.' 'We will give you \$30,000.' 'Sold.' "

Shortly before his arrest, Mr. Pope complained about being the object of pressure from the Russian mafia. And he was accustomed to being trailed by Russia's Federal Security Service.

Last year, one of Mr. Pope's companies, TechSource Marine Group, had a \$178,000 contract with the Navy to study the propulsion system used in the Squall, a Russian torpedo. A spokesman said that the Navy was interested in the benefits for the military, but that Mr. Pope would be free to market his findings. Business associates said Mr. Pope was hoping to adapt the technology for passenger ferries.

Russian technology transfers had not yet amounted to a big money maker for Mr. Pope. Associates described his three firms as "virtual companies," with no permanent staff or offices and only a bare-bones budget for travel.

To keep afloat, Mr. Pope wore several hats during his Russian trips, negotiating deals for everything from titanium golf clubs to corrosion-resistant coatings. He even had a licensing agreement with Penn State to import Russian dolls with the college's insignia.

By the time he was arrested, Mr. Pope was pursuing information about an advanced fuel used in the Squall torpedo, which the Federal Security Service said crossed into the realm of state secrets. The information, associates said, related to a metal fuel that scientists believe could propel a variety of vessels ? ? ? not just torpedoes ? ? ? in oxygenless environments underwater or in space.

His client was the Applied Research Laboratory at Penn State, founded by the Navy after World War II and Mr. Pope's employer from 1994 to 1997. Last year

the lab received nearly \$70 million in contracts through the Office of Naval Research.

Throughout the eight-month campaign to free Mr. Pope, Representative Peterson said he had never spoken about Mr. Pope with officials at the lab, known as ARL. Mr. Peterson said he had not wanted to find out that Mr. Pope had been spying and thereby compromise his relationship with the lab or his efforts to free Mr. Pope.

"I represent ARL in the budget process in Congress and lobby every year for their contracts," he said. "They didn't contact me and I didn't contact them."

Was the research sought by Penn State classified? "I don't know that answer," he said.

The lab's director, L. Raymond Hettche, said Mr. Pope's mission had been to establish academic contacts for nonmilitary purposes, but he acknowledged that the lab was always on the lookout for technology with military uses. "The big thing now is spinning technology into the Department of Defense," he said.

Despite their long relationship, Dr. Hettche said, lab officials had no idea what else Mr. Pope was pursuing in Moscow. He said the university had not given Mr. Pope the money that the Russians said he had offered, on Penn State's behalf, to a scientist at the Bauman State Technical University in Moscow for classified research related to the Squall.

Dr. Hettche has on file four receipts signed by Mr. Pope, totaling \$28,000, for technical reports purchased from Bauman, with titles like "Thermodynamic Analysis," but they are dated 1997.

One of the research lab's top scientists, Daniel Kiely, was with Mr. Pope when he was arrested. Dr. Kiely was questioned for several hours, and documents in his briefcase were confiscated. He was released only after he signed a statement in Russian, a language he does not speak. It was used against Mr. Pope in his trial.

"I knew a little of Ed's background and that stuff, and that the Russians probably think he is some kind of a suspicious character," Dr. Kiely said. "But I had no reason not to believe that everything we were doing was approved."

Mr. Pope is not talking about his ordeal. He has hired an agent and signed a book deal. He said on the telephone that the arrangement precluded him from speaking publicly about his experiences.

His friends say that the last year has exacted a heavy financial toll, and that Mr. Pope has one last shot at striking it big with his Russian connection.

"Right now, we all want to make sure his economic opportunities are optimized in getting this book published," Mr. McClellan said.

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SUBJECT: (ai) RUSSIA: 100 Years of Economic Reforms (fwd)

TO: "Undisclosed.recipients;,"@eop.gov ("Undisclosed.recipients;,"@eop.gov [UNKNOWN])

READ:UNKNOWN

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From: Chuck Spinney <cspinney@erols.com>

To: ACCESS@g2-forward.org

Subject: (ai) RUSSIA: 100 Years of Economic Reforms

Russia's Peculiar Path

By Anatoly Khodorovsky, Zoya Kaika, Roman Khrapachevsky and Mikhail Sudo

Vedomosti

Moscow Times

January 15, 2001

The history of Russia in the 20th century is rich with economic reform. Undoubtedly, the most significant instances over the past 100 years were the industrialization at the end of the 1920s, perestroika and the liberal reforms of the 1980s and 1990s.

Josef Stalin's reforms were designed to take an industrial leap that would remove dependence on the West and achieve parity with the more developed nations in technology and production. His superficially glittering plans, carried out against the backdrop of the worst crises in modern Western history, propelled the Soviet Union to the status of a world economic leader.

The massive industrialization Stalin launched exhausted both old and newly discovered resources, primarily oil. The country required new and accurate mechanisms of economic regulation. But it failed to build them, and now Russia may be required to live through a new industrialization.

Almost all domestic economists agree that the high economic growth at the end of last year was unprecedented in the country's recent history. Forecasts for the coming year aren't so rosy and come with the proviso of structural reforms.

The Start of the Century

Reservations about future growth are entirely understandable when the main reasons for the economy's gains in recent years have been the devaluation of the ruble and the state of the world market, which was extremely positive for Russian products. In order to reduce dependency on the fluctuations of external markets, or more accurately, on the one-sided nature of including Russia in the world economy, structural reforms are essential.

It is curious to note that this task has once again arisen on the dawn of a new century. The problems facing the government of the Russian empire at the end of the 19th century and the start of the 20th are, upon closer inspection, extremely similar to those of the present day. These problems were addressed then by the reforms of Sergei Witte and Pyotr Stolypin.

Post-reform Russia in the 1860s and 1870s learned the realities of capitalist economics in much the same way as today. It was then that the first shareholder banks appeared, for example.

The familiar problem of an unbalanced budget was no less pressing than today: The financial system that had been disturbed by the Crimean War and the Turkish war of 1877-78 was pumped up initially with issues and then proved entirely reliant on state debt. The role of the GKO, or treasury bill, was then played by credit notes, the exchange rate of which fluctuated up or down by 20 percent to 25 percent. Of course, this was extremely convenient for the games of international speculators, but exceptionally harmful in terms of the stable growth of the economy.

Witte's predecessors in the post of finance minister – Nikolai Bunge and Ivan Vishnegradsky – knew this well and did all that was possible to iron out the situation. Under them, a deficit-free budget was drawn up for the first time and major reserves of gold and silver were accumulated. The honor of preparing a detailed plan for macroeconomic stability as well as the task of fulfilling it fell to Witte. His main achievement was the comprehensive and decisive way that it was implemented, which was permitted, to a large extent, by Alexander III and Nicholas II's trust in Witte. He coordinated taxation, credit and financial policy, expanded investments – principally foreign investment – in industry, took a tough state stance regarding operations on international financial markets and introduced well-reasoned protectionist policies on exports.

Emphasis was put on indirect taxes and excise that increased the tax burden by 12 percent. A wine monopoly was organized bringing in about

365 million rubles by the end of the century, when the typical state income for 1903-08 was 2 billion to 2.5 billion rubles a year. The additional funds from this went both toward supporting and increasing the gold reserves as well as toward investments in the economy. Witte was a firm believer in the railways as the driving force behind the entire economy. As well as boosting the metallurgical and machine building industries ? the main suppliers of the railroads ? they united regional markets, increased the volume of exchange and reduced transport overheads on export.

Other important elements of Witte's reforms were the expansion of exports and protective import tariffs accompanied by the liberalization of the conditions for foreign investment in industry. The results were impressive ? industrial output was 191 million rubles in 1900, compared with 34 million in 1892 ? with 21 percent annual growth. This success was permitted by a strong currency. The introduction of the gold standard led to the devaluation of the ruble, which had a positive effect on production. At the same time, debt restructuring reduced interest rates under old debts by attracting cheaper international credits. To an extent, this alleviated the burden of foreign debt, though annual payments on it were quite high ? from 5 percent to 6 percent of gross domestic product. Witte said the foreign loans were to go toward increasing international reserves and on direct investment in important state projects.

It is impossible to say Witte managed these achievements with ease. Foreign investment drew considerable opposition.

"Due to their narrow nationalistic point of view, certain individuals were not particularly keen on foreign capital flowing into Russia and would only cooperate when they had an interest in the creation of this or that factory or in the exploitation of a particular natural resource," Witte said.

By 1900, Russia had entered a period of dire economic crisis, which exposed Witte's incomplete reforms. While laying the foundations for developing the economy, the reforms failed to get to deep-rooted problems: the narrowness of the internal market and the country's dependency on grain exports for its balance of payments, which accounted for two-thirds of total exports at a time when there was insufficient capital.

To resolve these problems, the question of agrarian reform had to be addressed. Witte recognized the need for reforming the communes and intensifying agricultural production. But in the competitive conditions at the end of the 1890s, he chose to stabilize finances and develop industry. To a considerable extent, he did this by using overflow funds from the agrarian sector.

This overflow was due to lower wholesale agricultural prices on the Russian market than on world markets while industrial prices were higher. The index of world wholesale agricultural prices compared with Russia (taken as the value 100) was 146 at the start of the

century, while for industry it was 61.

Stolypin then took on the job of reforming Russia's agriculture, which accounted for 50 percent of GDP. The essence of the reforms consisted of abolishing communes, developing private ownership in the agricultural sphere, the creation of a subsidized peasants' bank, a relocation policy and the creation of the cooperative movement.

Stolypin successfully implemented a system for selling land to individual landlords. Via the peasant bank, both state land and that purchased with budget funds was sold to peasants. This led to an increase in the amount of land used – the level of worked land in the European sector increased by 6 percent.

The relocation program achieved considerable results: By 1913 about 2.8 million people were resettled beyond the Urals and the number of immigrants to Siberia increased by 80 percent.

To an extent, Stolypin's measures achieved their goals: The turnover of agricultural products increased 46 percent compared with the period 1901-05 and agricultural exports went up 61 percent. But the reforms did not achieve their goal of creating an agrarian sector based on individual homesteads. By 1916, only 26 percent of the homesteads were converted from communes.

Strange though it may seem, Witte and Stolypin's reforms were completed during the Soviet period, but through non-economic means.

NEP and Industrialization

During the period of the New Economic Policy and the collectivization and industrialization that followed, the rulers of the Soviet Union took heed of the experience of industrialization under Witte and agrarian remodeling under Stolypin. At a time when there was little access to international financial markets, internal sources of financing came mostly from agricultural resources.

Their redistribution for industrialization could have followed the path identical to that at the start of the century – following Stolypin and Witte's example. But another decision was adopted: Noneconomic means were applied based on the principle of modernizing society. This yielded results in a very short space of time. If in the period from 1909 to 1913 the share of gross capital investment in GDP came to 12 percent to 14 percent, then in the 1930s, it was 25 percent to 30 percent.

But the cost of this victory in the long term ultimately proved to be beyond the scope of the economy: Per capita consumption in the Soviet Union between 1913 and 2000 has increased at one-third the rate of per capita GDP. The result has been the degradation of consumer well-being and of production output stimuli.

All economic reforms conducted in the Soviet Union at different times

have in one way or another learned from the experience of NEP. The normative legal base, Soviet Premier Alexei Kosygin's reforms as well as attempts to reform the Soviet economy during perestroika are all reminiscent of the decree on trusts of April 9, 1923, that was to become the manifesto for NEP economics. Its core theory is that the state should not be responsible for the debts of the trusts nor the trusts responsible for state debts. The decree stayed a decree, however, since the attack on the market substructure was renewed by the Bolsheviks at the start of 1924. Nonetheless, it remained the key document of the era and all subsequent attempts at market reform of the Soviet economy began with proposals for the formation of a base legislative act regulating the activities of state enterprises. The decree on trusts was their starting point.

The harbinger of the Kosygin reforms was a confidential report presented in June 1965 by Abel Aganbegyan, director of the Institute of Economics and the Organization of Industrial Production with the Siberian division of the Academy of Science of the Soviet Union. The report said the Soviet economy's growth rate had begun to slow while the U.S. economy was clearly on the up. Certain sectors of the Soviet economy — housing construction, agriculture, services, retail trade — were shown to be developing at an inadequate pace.

The reasons for reforming the economic activities of enterprises were set out in two documents disclosed Oct. 4, 1965: "On Improving Planning and Stimulating Production in the Economy" and "On the State Production Enterprise Under Socialism."

Reform began with the introduction of administrative centralization, the abolishment of the sovnarkhoz, the adoption of the principle of managing industry by branch and the reestablishment of Soviet and republic ministries, liquidated under Premier Nikita Khrushchev. The measures taken to correct the planning system were important. Important state committees were created: the State Pricing Committee, the State Supply Committee and the State Committee for Science and Technology. The planning system was proposed to be targeted at the sale of goods rather than increasing production volume and raising gross indicators.

Enterprises saw their autonomy increase. The number of mandatory indicators was reduced to a minimum. New indicators were introduced: the value of goods sold, the general wage fund, total capital investments. The results of enterprises' economic activities were to be assessed in terms of goods sold, profits received, efficiency of production and supply of particularly important items. Workers' wages were to be paid in direct relation not only to the results of individual labor, but also to the general results of the enterprise's work; the principle of mutual material liability was placed at the basis of economic relations between enterprises; the direct link between enterprises, manufacturers and the consumers was developed; and the role of economic agreements was accentuated. In order to stimulate initiative, a part of enterprises' profits remained at their disposal.

In January 1966, the economic reforms kicked off, and 43 enterprises from 17 branches of industry switched to the new conditions. By the end of 1967, 15 percent of enterprises worked under the new conditions, or 37 percent of industrial output. The pace of labor productivity growth and the average wage converged, but they were never balanced. Labor productivity goals weren't met.

Despite their failings, Yevgeny Yasin, a former economics minister and current director of the Expert Institute, said he has a high opinion of 1960s reforms.

"They didn't attack the roots of the totalitarian system, but constituted an important step toward liberalizing the economy," he said. "If events had moved in the direction set back in 1965, we wouldn't have witnessed the convulsions of the '90s. We would have been more prepared."

Saved by Oil

In pre-revolutionary Russia, oil extraction peaked in 1901 at 11.9 million metric tons. This was more than half the total oil extracted worldwide. By the end of World War I, only 8.8 million tons were being produced.

The oil industry began to clamber back to its feet after 1920. Prior to World War II, the principal oil regions in the Soviet Union were located in Azerbaijan and the Caucasus. In 1940, oil extraction in the Soviet Union attained levels of 31.1 million tons, 22.2 million tons of which came from Azerbaijan and 7 million from other Soviet republics.

During the war years, extraction levels fell to 19.4 million tons in 1945, 11.5 million tons from Azerbaijan and 5.7 million tons from other Soviet republics.

But new oil deposits were developed during the war and in postwar years. In 1950, oil extraction hit 37.9 million tons, exceeding its pre-war level.

From the '50s, the main oil-extracting region was the vast territory between the Volga River and the Urals Mountains, incorporating the rich oil deposits of Bashkortostan and Tatarstan and earning the moniker "The Second Baku." Then in 1964, the industrial exploitation of western Siberian oil deposits began. Oil extraction was more than doubled to 353 million tons in 1970 compared with 10 years earlier, while the annual extraction growth rate increased to 25 million to 30 million tons per year.

The Soviet Union was the world's leading oil producer in 1974. Western Siberia was the main source of the country's oil and supplied more than half total output by the mid-'70s. In the first half of the '80s, the Soviet Union extracted 603 million to 616 million tons of oil plus condensates. Russia peaked in 1988 with 624.3 million tons.

Thereafter, the fall began with only 305.6 million tons extracted in 1997. The Northern Caucasus, the Urals and Volga basin area levels had fallen long before the late '80s. Increased extraction in the Tyumen region had compensated until then, but a slump in extraction in this region heralded a fall throughout the country.

The Arms Race

While no one knows how much money Russia put into the arms race with the United States, the spending put a strain on the economy, said Andrei Kokoshkin, a State Duma deputy and former first deputy defense minister for the Russian Federation.

"In order to keep up with the Americans, [we] were using 10 percent to 12 percent of our GDP, while certain estimates suggest this level was as high as 15 percent to 17 percent ? which I am inclined to believe," Kokoshkin said.

Despite its technological achievements, the arms race's impact on scientific and economic policy was colossal. "In terms of principal weapons systems, we kept up with the Americans and even overtook them: Take for example the S-300 PMU or our rocket carriers," he said. "But the problem is that we, as opposed to the Americans, translated our achievements in the military sector to the civilian sector with the utmost inefficiency.

"Our military advancements only found their way into the civilian sector after 10 to 15 years."

Reform in the '80s

The sharp fall in the oil extraction rate and unfavorable prices for the Soviet Union's main export forced the country's leaders to turn once again to the experience of NEP and the reforms of the 1960s.

The main legislation of the perestroika period was the law on state enterprises adopted in 1987 and the law on cooperatives passed a year later. The concepts of "self-support and self-financing," forgotten since the '60s, returned to common usage. But as before, the enterprises functioned under the tight control of the party and the government, while the form of "self-support" was agreed with the higher economic bodies. Nonetheless, the possibility of choice ? albeit a ghostly possibility ? did appear.

Did one opt for the first or the second model of self-financing? This question was fiercely debated at meetings of the labor collective. To choose the high guarantees when distributing profits of the first model or the greater freedom when allocating profits of the second? But there was a more practical consideration ? a labor participation co-efficient could be determined that could significantly boost one's humble salary.

In any event, the inherently socialist concept of "standard distribution" rather than "free use" remained. The third attempt at limited economic reform within the socialist system proved unsuccessful. The economy continued its decline.

At the end of the 1980s, there was talk of considering a move to the market. One of the first to discuss this possibility was economist Nikolai Shmelev, whose book "Advances and Debts" asked difficult questions for the time, such as: Do we really need a plan?

Nikolai Shmelev, director of the European Institute and an academic at the Russian Academy of Science, said it is hard to speak of the reforms of the 1980s.

"In my opinion, the most useful thing [Soviet Premier] Gorbachev did [during the 1980s] was to release the corporate movement," Shmelev said. "Were there other ways of starting our reforms in a more moderate version at the start of the Yeltsin era? With hindsight I think there were.

Shmelev said that the move toward the market was managed by a team of "neo-Bolsheviks."

"[President Boris] Yeltsin himself was a Bolshevik and the people he brought in to help were Bolsheviks in terms of their mentality, outlook, skills and manners who could only solve problems with a crow-bar."

Shmelev said his chief reproach for the way economic reforms were conducted is that "the country was robbed 100 percent. All the population's savings and all the money on enterprises' accounts was liquidated. Stalin didn't even do this in 1947 when he conducted his famous monetary reforms ? effectively robbing the population of about 50 percent of their wealth."

"The second mistake was privatization a la [then-First Deputy Prime Minister Anatoly] Chubais," Shmelev said. "This process could have been dragged out over years, even decades. The problems of privatization were resolved thus all over Europe and they continue to be resolved this way."

Conversely, Yasin of the Expert Institute, said the reforms of the early 1990s, though not without their faults, achieved concrete results.

"The value of what was done far outweighs the mistakes that were made," Yasin said. "All manner of harsh comment is natural. But in reality this was a huge achievement, a breakthrough that moved Russia from the slope down that it was heading toward the abyss and raised it albeit not to a particularly high level, but nonetheless to a point from which it could begin to make its way upward.

"If we are starting to notice an upturn in the country today then

this is not due to the price of oil or the devaluation of 1998. It is because of those reforms," he said.

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[DITN = Desis In The News]

Below is a recent cover story from India's Frontline magazine. It features two past SAJA-NY guest speakers -- author Arundhati Roy and editor N. Ram.

It's called "Scimitars in the Sun" and is an extensive interview with Roy discussing a wide ranges of issues, including her views on a writer's place in society (and why her novel will not made into a film).

If you are interested in see the photos from the article, you can see it on the following site, along with the full text:
<http://www.indiaserver.com/frontline/18010040.shtml>

cheers, sree@sree.net | <http://www.sree.net>
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Frontline
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Cover story

SCIMITARS IN THE SUN
N. RAM interviews ARUNDHATI ROY on a writer's place in politics.

Arundhati Roy's debut novel, The God of Small Things, published in 1997, took the literary world by storm, winning among other things the 1997 Booker Prize and accolades from leading writers and critics. It continues to be one of the best-loved and best-read recent works of literary fiction round the world. It has sold six million copies in 40 languages.

Since then, the novelist has published (always, first in Indian publications) three major political essays - The End of Imagination, The Greater Common Good, and Power Politics. Each has addressed a big and

critical issue, an issue that has mattered to millions of people and to the present and future of India. The first is a passionately argued, unilateralist, anti-chauvinist, uncompromising moral protest against nuclear weaponisation in India and Pakistan. The second is an extensively researched, but equally passionate description of what the Sardar Sarovar megadam being built on the Narmada River - and Big Dams generally - have meant to the lives and future of millions of people in India. The third essay argues against the privatisation and corporatisation of essential infrastructure, examining in particular the privatisation of the power sector, which is at the top of the Bharatiya Janata Party-led government's agenda today.

Each brilliantly written essay has represented a powerful - writerly and personal - intervention in a controversial arena. Frontline and Outlook magazines published, more or less simultaneously and as Cover Stories, the first and second essays (in August 1998 and June 1999); Frontline published (in February 2000) The Cost of Living, the text of the novelist's Nehru Lecture given at Cambridge University at the invitation of Amartya Sen; and Outlook published (in November 2000) Power Politics.

Interestingly, Roy has turned over the substantial royalties from the book publication of these essays to the movements they espouse. The Booker Prize money was also given to the Narmada Bachao Andolan (NBA) in 1999.

There has been a profound change of context since The Greater Common Good was published a year and a half ago. When Frontline and Outlook cover-featured Roy's indictment of Big Dams in India and the Narmada Valley in particular, it seemed that the issue had attracted a whole new constituency, some of it international. The Sardar Sarovar dam was once again back on the front pages of Indian newspapers. Hope was raised among the activists, and the people of the Narmada Valley, that with their great resistance movement - the NBA - finding support from an internationally renowned writer and new allies and sympathisers, positive things could be achieved. The trend of some of the hearings in the Supreme Court appeared to bolster this hope.

However, in October 2000 the apex court - the movement's last 'institutional' resort - slammed the door in its face. The NBA has denounced the judgment but does not seem to have a new game plan. Recently, Roy has been sharply criticised, notably by the historian-cum-cricketologist Ramachandra Guha, for her writing as well as her personal support for the movement, and also for her intervention on the nuclear and privatisation issues. Guha, in fact, has publicly advised her to confine herself to fiction.

Roy has rarely given extended interviews on her writing or the subjects she writes about. She points out that what she wants to say is contained in the writing. She made an exception by giving this extended interview, in her New Delhi home, to Frontline's Editor, N. Ram. In this exclusive, which is our Cover Story, the writer speaks about the issues she espouses, her response to her critics, and her views on a writer's place in society. She also answers some questions relating to The God of Small Things, revealing why the novel has not been, and perhaps will never be, made into a film.

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N. Ram: Arundhati Roy, the Supreme Court judgment is unambiguous in its support for the Sardar Sarovar dam. Is it all over? Are you, as the saying goes, running on empty?

Arundhati Roy: There are troubled times ahead, and yes, I think we - when I say 'we', I don't mean to speak on behalf of the NBA, I just generally mean people who share their point of view - yes, I think we are up against it. We do have our backs to the wall... but then, as another saying goes, 'It ain't over till the fat lady sings' [smiles]. Remember, there are a total of 30 Big Dams planned in the Narmada Valley. Upstream from the Sardar Sarovar, the people fighting the Maheshwar dam are winning victory after victory. Protests in the Nimad region have forced several foreign investors - Bayernwerk, Pacgen, Siemens - to pull out. Recently, they managed to make Ogden Energy Group, an American company, withdraw from the project. There's a full-blown civil disobedience movement on there.

But yes, the Supreme Court judgment on the Sardar Sarovar is a tremendous blow - the aftershocks will be felt not just in the Narmada Valley, but all over the country. Wise men - L.C. Jain, Ramaswamy Iyer - have done brilliant analyses of the judgment. The worrying thing is not just that the Court has allowed construction of the dam to proceed, but the manner in which it disregarded the evidence placed before it. It ignored the fact that conditional environmental clearance for the project was given before a single comprehensive study of the project was done. It ignored the government of Madhya Pradesh's affidavit that it has no land to resettle the oustees, that in all these years M.P. has not produced a single hectare of agricultural land for its oustees. It ignored the fact that not one village has been resettled according to the directives of the Narmada Water Disputes Tribunal Award, the fact that 13 years after the project was given conditional clearance, not a single condition has been fulfilled, that there isn't even a rehabilitation Master Plan - let alone proper rehabilitation. Most importantly, most urgently, it allowed construction to proceed to 90 metres despite the fact that the Court was fully aware that families displaced at the current height of the dam have not yet been rehabilitated - some of them haven't even had their land acquired yet! It has, in effect, ordered the violation of the Tribunal Award, it has indirectly endorsed the violation of human rights to life and livelihood. There will be mayhem in the Narmada Valley this monsoon if it rains - and of course, mayhem if it doesn't, because then there'll be drought. Either way the people are trapped - between the Rain Gods and the Supreme Court Gods.

For the Supreme Court of India to sanction what amounts to submergence without rehabilitation is an extraordinary thing. Think of the implications - today, the India Country study done for the World Commission on Dams [WCD] says that Big Dams could have displaced up to 56 million people in this country in the last 50 years! So far there has been, if nothing else at least a pretence, that rehabilitation has been carried out, even though we know that lakhs of people displaced half a century ago by the famous Bhakra Nangal Dam have still not been resettled. But now it looks as though we're going to drop even the charade of

rehabilitation.

But the most worrying thing in the Sardar Sarovar judgment is the part where it says that once government begins work on a project, after it has incurred costs, the Court ought to have no further role to play. This, after the very same Court found enough cause in 1994 to hold up construction work for six whole years... With this single statement, the Supreme Court of India is abdicating its supreme responsibility. If the Court has no role to play in arbitrating between the state and its citizens in the matter of violations of human rights, then what is it here for? If justice isn't a court's business, then what is?

Why do you think things have come to this pass? This figure you have spoken of several times - between 33 million and 56 million people displaced by big dams in the last 50 years - it is hard to imagine something of this magnitude happening in another country without it being somehow taken into serious account...

Without it being taken into account, without it giving pause for thought, without it affecting the nature of our country's decision-making process. The government doesn't even have a record of displaced people, they don't even count as statistics, it's chilling. Terrifying. After everything that has been written, said and done, the Indian government continues to turn a deaf ear to the protests. 695 big dams - 40 per cent of all the big dams being built in the world - are being built in India as we speak. Yet India is the only country in the world that refused to allow the World Commission on Dams to hold a public hearing here. The Gujarat Government banned its entry into Gujarat and threatened its representatives with arrest! The World Commission on Dams was an independent commission set up to study the impact of large dams. There were twelve commissioners, some of them representatives of the international dam industry, some were middle-of-the-roaders and some were campaigners against dams. It was the first comprehensive study of its kind ever done. The report was released in London in November by Nelson Mandela. It's valuable because it's a negotiated document, negotiated between two warring camps and signed by all the commissioners. I don't agree with everything that the WCD Report says, not by a long shot - but compared to the Supreme Court judgment that eulogises the virtues of big dams based on no evidence whatsoever, the WCD Report is positively enlightened. It's as though the two were written in different centuries. One in the Dark Ages, one now. But it makes no difference here. There was a tiny ripple of interest in the news for a couple of days. Even that's died down. We're back to business as usual. As they say in the army - 'Bash On Regardless'. Literally!

You must have an explanation, a personal theory perhaps, of why the government is so implacable, so unwilling to listen?

Part of the explanation - the relatively innocent part, I'd say - has to do with the fact that belief in Big Dams has become a reflex article of faith. Some people - particularly older planners and engineers - have internalised the Nehruvian thing about Big Dams being the Temples of Modern India. Dams have become India's secular gods - faith in them is impervious to argument. Another important part of the explanation has to do with the simple matter of corruption. Big Dams are gold mines for

politicians , bureaucrats, the construction industry... But the really sad, ugly part has less to do with government than with the way our society is structured. More than 60 per cent of the millions of people displaced by dams are Dalit and Adivasi. But Adivasis account for only 8 per cent and Dalits about 15 per cent of our population. So you see what's happening here - a vast majority of displaced people don't even weigh in as real people.

And another thing - what percentage of the people who plan these mammoth projects are Dalit, Adivasi or even rural? Zero. There is no egalitarian social contact whatsoever between the two worlds. Deep at the heart of the horror of what's going on, lies the caste system: this layered, horizontally divided society with no vertical bolts, no glue - no intermarriage, no social mingling, no human - humane - interaction that holds the layers together. So when the bottom half of society simply shears off and falls away, it happens silently. It doesn't create the torsion, the upheaval, the blowout, the sheer structural damage that it might, had there been the equivalent of vertical bolts. This works perfectly for the supporters of these projects.

But even those of us who do understand and sympathise with the issue, even if we feel concern, scholarly concern, writerly concern, journalistic concern - the press has done a reasonably persistent job of keeping it in the news - still, for the most part , there's no real empathy with those who pay the price. Empathy would lead to passion, to incandescent anger, to wild indignation, to action. Concern, on the other hand, leads to articles, books, Ph.Ds, fellowships. Of course, it is dispassionate enquiry that has created the pile-up of incriminating evidence against Big Dams. But now that the evidence is available and is in the public domain, it's time to do something about it.

Instead, what's happening now is that the relationship between concern and empathy is becoming oppositional, confrontational. When concern turns on empathy and says 'this town isn't big enough for the two of us,' then we're in trouble, big trouble. It means something ugly is afoot. It means concern has become a professional enterprise, a profitable business that's protecting its interests like any other. People have set up shop, they don't want the furniture disturbed. That's when this politics becomes murky, dangerous and manipulative. This is exactly what's happening now - any display of feeling, of sentiment, is being frowned upon by some worthy keepers of the flame. Every emotion must be stifled, must appear at the high table dressed for dinner. No body's allowed to violate the dress code or, god forbid, appear naked. The guests must not be embarrassed. The feast must go on...

But to come back to your question: as long as the protest remains civil and well-mannered, as long as we - the self-appointed opinion-makers - all continue to behave in respectable ways, as long as we continue to mindlessly defer to institutions that have themselves begun to cynically drop any pretence of being moral, just, or respectable - why should the government listen? It's doing just fine.

Speaking of embarrassment, you have been criticised for embarrassing the NBA, for being tactless in your comments about the Supreme Court, for

calling India a Banana Republic, for comparing the Supreme Court judgment to the NATO bombing of Yugoslavia. ..

I'm being arraigned for bad behaviour [laughs]. I wear that criticism as a badge of honour. If 'tactless' was all I was about that judgment, then I'm guilty of an extreme form of moderation. As for embarrassing the NBA - the NBA has said and done far more radical things than I have... After the judgment, Baba Amte said - let me read this out - "the judiciary at times wearing the cloak of priesthood, suffocates the human rights of the poor. Corruption and capital are given legitimacy instead of adhering to the rule of law..." Its leader Medha Patkar was arrested for picketing the gates of the Supreme Court.

Anybody who thinks that I have been intemperate has their ear very far from the ground. They have no idea how people in the valley reacted to the judgment. Days after it came out, a spontaneous procession of youngsters buried it in a filthy public gutter in Badwani. I was there, I saw it happen - the rallying slogan was 'Supreme Court ne kya kiya? Nyaya ka satyanaash kiya' - (What has the Supreme Court done? It has destroyed Justice!)

But I want to make it quite clear that I am an independent citizen. I don't have a Party line. I stated my opinion. Not carelessly, I might add, I said what I thought. If that embarrassed anybody, it's a pity, but it's too bad. But perhaps my critics should check back with the NBA before voicing their touching concern.

But in the time-honoured tradition of our worst politicians, may I clarify what I actually said? I was talking to the press about the fact that the Supreme Court judgment had made things worse for the NBA than they were before it went to court. The Court ordered that the final arbiter of any dispute would be the Prime Minister. This is so clearly in contravention of the directives laid down by the Narmada Water Disputes Tribunal Award. I said that a country in which it is left to the Prime Minister to clear a large dam project without any scientific studies being done; in which it is left to the Prime Minister to decide the final height of a dam regardless of how much water there is in the river; in which it is left to the Prime Minister to decide whether or not there is land available for resettlement - sounds very much like a Banana Republic to me. What's the point of committees and Ministries and authorities if it's all up to Big Daddy in the end?

As for the business about the NATO bombing - I was talking to a not-very-bright journalist, it turns out. I said that when the developed countries were industrialising, most of them had colonies which they cannibalised on their way up. We, on the other hand, have no colonies, so we turn upon ourselves and begin to gnaw at the edges of our own societies. I told him that it reminded me of the tiger in the Belgrade zoo which, driven insane with fear by the NATO bombing, began to eat its own limbs. This was twisted into the absurd statement that was eventually published. But it's my fault. I should have known better than to try and explain this to a disinterested journalist.

What next? Where does the struggle go from here?

I don't know, really. It has to move into a different gear. All our eyes are on the NBA, waiting for its next move. It will take some time to evolve a strategy. But they are extraordinary people - brilliant. I have never met a group of people with their range of skills - their mobilisation abilities, their intellectual rigour, their political acumen. Their ability to move effortlessly from a dharna in Jalsindhi to arguing a subtle legal point in the Supreme Court, to making a presentation about the situation in the valley which leaves the World Bank no option but to pull out. The monsoon will be a terrible time for them - if it rains, people will need help on an emergency footing. The whole Adivasi belt will go under.

You see, while the rest of us sit around arguing about how much we ought to respect the Supreme Court judgment, the people in the valley have no option. They can hardly be expected to respectfully accept their own dispossession. They will fight - How? is the question, and a very important one. The judgment, apart from what it says about the Sardar Sarovar, has sent out another very grave signal. After all, the 15-year-old struggle in the valley has so far been a spectacularly non-violent one. Now if that has come to naught, yielded nothing, I fear to think about what must be going through peoples' heads. They watch as the world around them gets more and more violent - as kidnappings, hijackings and the events that unfold in a nother valley further north grab the attention of the government and yield instant results. Already extremist groups have taken up position in parts of Madhya Pradesh. I'm sure they're watching the Narmada Valley with great interest. I don't know what would happen if the NBA were to lose ground. I worry. I really do...

It's something the government must think very seriously about. A 15-year-old non-violent peoples' movement is an extraordinary, magnificent thing. If it is dismissed in this contemptuous fashion, if violence is the only thing that forces the government to the negotiating table, then anarchy lurks around the corner.

Meanwhile in Gujarat, interesting, predictable things are happening. The false propaganda, the deliberate misinformation about the Sardar Sarovar is all coming home to roost. As long as the project was stalled, as long as it was a potential dam, it was easy to sell to voters as a miracle dam - the Sardar Sarovar will mend your bad knee, will produce your daughter's dowry, will serve you breakfast in bed. But major disputes over the water have already begun. People in Kutch and Saurashtra are waking up to the Big Con. The Kutch and Saurashtra branch of the BJP boycotted the inauguration of construction ceremony at the dam site. You know what happened there - three BJP Ministers had their official Cielos burnt by an irate BJP mob, one Minister was hurt and had to be airlifted out. The Kutch Jal Sankat Nivaran Samiti has a case against the government in court asking for construction to be stayed until Kutch is given its fair share of water. But a most interesting development is that the spokespersons of the Sardar Sarovar dam, the public face of the pro-dam lobby - Narmada Minister Jai Narain Vyas - was unceremoniously sacked recently. In the long run, it's probably good for Vyas - he'll be associated with the 'victory', but not with the murky politics of who gets the water. You can see it happening before your eyes: consensus in Gujarat is quickly coming unstuck.

Still, the honest answer to your question is: I don't really know what next. The answer will come, should come, from the people of the Narmada Valley.

Have you read Ramachandra Guha's tirade against you in The Hindu?

[Smiles] Tirades. Plural. Yes, yes, of course I have. He's become like a stalker who shows up at my doorstep every other Sunday. Some days he comes alone. Some days he brings his friends and family, they all chant and stamp... It's an angry little cottage industry that seems to have sprung up around me. Like a bunch of keening god-squadders, they link hands to keep their courage up and egg each other on - Aunt Slushy the novelist who's hated me for years, Uncle Defence Ministry who loves big dams, Little Miss Muffet who thinks I should watch my mouth. Actually, I've grown quite fond of them and I'll miss them when they're gone. It's funny, when I wrote The God of Small Things, I was attacked by the Left - when I wrote The End of Imagination, by the Right. Now I'm accused by Guha and his Ra-Ra club of being - simultaneously - extreme left, extreme right, extreme green, RSS, Swadeshi Jagran Manch and by some devilish sleight of hand, on Guha's side too! Goodness, he's skidding on his own tail!

I don't know what it is with me and these academics-cum-cricket statisticians - Guha's the third one that I seem to have sent into an incensed orbit. Could it be my bad bowling action?...[laughs]

Why have you chosen not to respond to Guha? Do you, as many others seem to, dismiss it as just a bad case of envy?

No, no, not at all. That would be too convenient, too easy. One could end up saying that about everybody who was critical. No, I think that would be unfair. I'd say it's far more complex and interesting than that. Guha's outburst is dressed up as an attack on my 'style' - but it's not really that at all. If you part the invective, you'll see that our differences are serious, and seriously political. Chittaroopa Palit of the NBA has done a wonderful dissection of Guha's politics in her article "The historian as gatekeeper" [Frontline, January 5, 2001].

My style, my language, is not something superficial, like a coat that I wear when I go out. My style is me - even when I'm at home. It's the way I think. My style is my politics. Guha claims that we - he and I - are 'objectively' on the same side. I completely disagree. We are worlds apart, our politics, our arguments. I'm inclined to put as great a distance as possible between the Guhas of the world and myself.

Take his book - his biography of Verrier Elwin. It's competent and cleanly written. But our political differences begin with his choice of subject - personally, I think we've had enough, come on, enough stories about white men, however interesting they are, and their adventures in the heart of darkness. As a subject for a biography, frankly, I'm much more interested in Kosi Elwin, his Gond wife.

And the title of his book! - Savaging the Civilized: Verrier Elwin, His Tribals, and India. His tribals! His tribals? For heaven's sake! Did he

own them? Did he buy them? There's a bog, a marsh, a whole political swampland stretching between us right here. But it's his other work, his history books - he calls himself an ecological historian, you know that, don't you?

Yes, I believe so...

Well, he's co-authored two books. One claims to be An Ecological History of India, nothing less, the other he calls Ecology and Equity. The sub-title is The Use and Abuse of Nature in Contemporary India and it was published as recently as 1995. In his ecological history, big dams don't merit so much as a mention. The other one has a thumbnail sketch of the struggle against big dams, and a cursory, superficial account of the struggle in the Narmada Valley. For someone who sets himself up as a chronicler of the ecological history of a country that is the third largest builder of big dams in the world, that has 3,600 big dams which have displaced maybe up to 56 million people, that have submerged millions of acres of prime forest land, that have led to the waterlogging and salinisation of vast areas, that have destroyed estuarine ecosystems and drastically altered the ecology of almost every river in this country - wouldn't you say that the man has missed a wee thing or two! For goodness' sake - today, big dams are the staging ground for the most contentious debates on ecology, equity, social justice, bureaucratic and political intrigue, international finance and corruption on an unimaginable scale. Why does none of this merit attention from this ecological historian?

I'll tell you why: no amount of research, however painstaking, can make up for political vacuousness. If you don't ask the right questions, you don't get the right answers. If your politics is clear, if you had your ear to the ground, you wouldn't, you couldn't possibly, miss your mark so completely.

Look at the work of people like Ashish Kothari, Ramesh Billorey, Claude Alvarez, Himanshu Thakker, Shripad Dharmadhikary, and further afield, Edward Goldsmith, Nicholas Hildeyard, Patrick McCully - McCully's book, Silenced Rivers, is a dazzling analysis of the ecology and politics of big dams. Even someone like Anil Agarwal, though his views on the subject differ from those of the NBA - at least he engages with the issue. Their work is out there, it's vital stuff, it occupies centre-stage in the debate - but let's face it, all of this puts Mr. Guha in an extremely embarrassing position. He's like one of the creatures that didn't make it onto the ark. An ecological historian who missed the boat completely.

Sublimating shame into anger, we all know, is a common human failing. So what does Guha do? He picks the most visible target from amongst those who he feels are embarrassing him, and lets fly. If he had disputed my facts, if he had taken apart my argument, I could have respected him. I look forward to that devastating, incisive, logical tearing apart of my argument... Actually, that's a complete lie, I'm quite grateful that Guha's made such a spectacle of himself. Does he have anything substantial to say? Apart from insulting me personally, deliberately, wilfully, maliciously, Guha has no argument against my argument, nothing to say about my facts. So he tries to legislate on how I ought to feel about them. Never was there a more passionate indictment of passion, a more

hysterical denunciation of hysteria - he's right, I am hysterical. I'm screaming from the bloody rooftops. And he and his smug little club are going Shhhh... you'll wake the neighbours! But I want to wake the neighbours, that's my whole point. I want everybody to open their eyes.

Anyway, as far as I am concerned, it's not his insults I find as corny as the rest of it - his pronouncements about what's good for the environmental movement and what's not - the quintessence of which is, that he's good for the movement and I'm not. His pronouncements on what constitutes good writing. His does, mine doesn't. His unsolicited advice - advice to the NBA to disengage from me, advice to me to stop writing political essays and go back to literature. I mean apart from being someone with the Jurassic notion that politics and literature are mutually exclusive, who is he - the headboy? Cupboard captain? What's next? Is he going to put me on a diet? Choose my wardrobe? Sentence me to mustard bellbottoms for a whole month?

Why have you not responded to Guha's charges?

Well, for one because I thought that four Sundays in a row (he's already used up three) discussing Arundhati Roy's work would be a bit much for readers... and anyway, how does one respond to a Punch and Judy show?

Guha hasn't really read my work - he's ransacked it, wearing lenses so thick with animus that they blur his vision. He's virtually imagined the essays he wishes I'd written in order for him to demolish with his piercing wit and intellect, while his friends and colleagues nod and grin. Any response from me would end up sounding like - oh, I didn't say this, I didn't mean that... But if he can't be bothered to read my work carefully, why bother with a response?

Let me give you an example of what I mean: Guha tries to ridicule me for comparing big dams to nuclear bombs. But I've never done that - my essay says ... here's exactly what it says - [reads]:

"Big Dams are to a nation's 'development' what nuclear bombs are to its military arsenal. They are both weapons of mass destruction, both weapons governments use to control their own people, both twentieth century emblems that mark a point in time when human intelligence has outstripped its own instinct for survival..."

Surely Guha ought to know that this, in the English language, is what's called a relative analogy. In a relative analogy, one is comparing two relationships. I'm saying that big dams and nuclear bombs are both political instruments, extremely undemocratic political instruments. But I'm not saying bombs are dams. I'm not saying that dams are radioactive when they explode or that nuclear bombs irrigate agricultural land. If I say Amitabh Bachchan is to film stars what Coke is to fizzy drinks, I'm not comparing Amitabh Bachchan to a Coke or saying that film stars are fizzy drinks. In algebra, if I say $x:y$ what $w:r$, it doesn't mean I'm saying $x = w$.

This is just one small example, there are other more sinister ones. For

instance, he picks out one sentence from my new essay Power Politics that was published recently in Outlook. It says:

"When the history of India's miraculous leap to the forefront of the Information Revolution is written, let it be said that 56 million Indians (and their children and their children's children) paid for it with everything they ever had."

Here's how Guha scores one of the more tragic 'own goals' since Escobar - you know what happened to Escobar! Guha isolates the sentence out of context and kicks it towards his own goal, then flies to the goal post to stage a spectacular save. He has to use his instinct to decide whether to dive to his left or right. He dives - surprise surprise - to his extreme right. It's not the horror of 56 million displaced people that bothers him. It's my reference to the Information Revolution, which was used to compare the meteoric development of one sector of the Indian economy with the horrific dispossession of another. Guha gratuitously makes out that I'm attacking - not just attacking - being "grossly slanderous" to the IT giants, Tata, Wipro and I forget who else - he actually names particular companies... I don't! Having invented the insult, our intrepid knight in shining armour rallies to their defence. Is he real? Is he looking for friends in high places? Or has he just stunned himself on the goalpost?

Talking about your essay The Greater Common Good, critics like Guha and B.G. Verghese say that it's sentimental without being factual, that it romanticises Adivasi life-styles...

That's pretty rich coming from the ecologist who missed the ark! I don't want to sound arrogant - this is the trouble about defending oneself, immodesty goes with the territory! Sentimental without being factual? Look, just because I don't wave my footnotes in peoples' faces and don't do the academic heavy breathing stuff, it doesn't mean I haven't studied the subject in depth. I don't believe that there's a single fact or argument - social, ecological, economic or political - about the Sardar Sarovar dam that's missing, or that has not been addressed, in my essay. For this I have to thank the NBA for making available to me every document at its disposal - and all the people who've published wonderful work on this issue over the years. I'm talking of Himanshu Thakker, L.C. Jain, the FMG Report, Ramaswamy Iyer, Shripad Dharmadhikary, the Morse Committee Report, Rahul Ram's booklet Muddy Waters, Ashish Kothari... I owe a lot to long, sparky conversations with brilliant people in the valley, to Kaise jeebo re - Jharana Jhaveri and Anurag Singh's documentary film, which first sent me on my travels in the Narmada Valley... It's a long, long list, and it's been more vital and insightful and instructive than doing years of research in a library.

As for the charge of romanticising Adivasi life-styles - I thought the time when that sort of thing sent a frisson of excitement through the academic community had come and gone. I mean, come on - even the good old Gujarat Government feeds at that foetid trough. When I was writing The Greater Common Good I was acutely aware of two things: One, that I was not going to write on 'behalf' of anyone but myself because I think that's the most honest thing to do - in our society particularly, the politics of 'representation' is complicated and fraught with danger and dishonesty.

Two, I was not writing an anthropological account of the lifestyles of people that I knew very little about. I was writing about social justice, about the politics of involuntary displacement, about what happens to people who are forcibly uprooted from an environment they know well and dumped in a world they know nothing about - a world in which, instead of a forest and a river and farmlands, they have unemployment and a tin shack. It's an unfair, unequal bargain for anybody - Adivasi or Aggarwal. At no point in my essay have I even attempted to describe Adivasi lifestyle, let alone romanticise it. Here's an early passage from *The Greater Common Good* [reads]:

"... Let me say at the outset that I'm not a city-basher. I've done my time in a village. I've had first-hand experience of the isolation, the inequity and the potential savagery of it. I'm not an anti-development junkie or a proselytiser for the eternal upholding of custom and tradition..."

Does that sound particularly romantic? The fact is I grew up in a village - not an Adivasi village, but a village nevertheless. As a child, all I ever dreamed of was escaping. I don't need to do 'research' or 'field-work' or write a Ph.D. to figure out what goes on. Anyone who's read *The God of Small Things* could work that out. If I do romanticise anything, it's the freedom, the anonymity of urban life...

I'm sorry to go on about this, but Guha also denounces your work as self-indulgent and unoriginal. A serious charge against a fiction writer, wouldn't you say?

Self-indulgence is not the kind of charge that one can refute. If I am self-indulgent then... what can I say? I'll stand in the corner and hang my head in shame! [laughs] But I think that the accusation has really to do with the fact that I often write in the first person. Like I said, I do that deliberately. I guess academics and journalists are trained to believe that saying "I" is somehow anathema - because they're supposed to come across as objective. Of course that's nonsense - a person who conceals his or her identity is no more objective than a person who reveals it. Any clued-in anthropologist should know that. For an artist, a painter, a writer, a singer, introspection - contemplating the self, placing yourself in the picture to see where you fit - is often what art is all about. For a writer, to use the first person is a common narrative device. It's not just crudity, it's a fallacy, to equate this with self-indulgence. Mind you, this is not the only time that Guha shows a reflexive hostility towards writers and an opacity to literature.

There's a fine but important difference between self-indulgence and self-awareness. Self-awareness, in this case, is being aware - when you write - that you are complicit, that you are a beneficiary of the terrible politics of the society in which you live. When you reveal who you are and how you have benefited. Self-indulgence is when, masquerading as a concerned academic, you fill the Sunday papers with personal invective against somebody you don't like, and follow that up by selectively publishing your friends' personal letters of support, and then your rejoinder that supports their support... and so on.

As for the charge of being unoriginal - when one is writing to advocate a political position, or in support of a peoples' movement that has been yelling its lungs out for the last fifteen years, one is not trying to be original, one is adding one's voice to theirs in order for them to be heard. Almost by definition, one is reiterating what they are saying. My essays are not about me or my brilliance or my originality or lack of it. They're not meant to be a career move - they're about re-stating the issue, they're about saying the same things over and over again...

You actually do say something about this in your essays...

Yes, I'm flattered that you remember. Here, from The End of Imagination (Frontline, August 14, 1998) [reads]:

"There can be nothing more humiliating for a writer of fiction to have to do than to re-state a case that has, over the years, already been made by other people... and made passionately, eloquently and knowledgeably. But I am prepared to grovel. To humiliate myself abjectly, because in the circumstances, silence would be indefensible..."

And again, in The Cost of Living [Frontline, February 18, 2000], my Nehru Lecture on Big Dams:

"If you're a writer, you tend to keep those aching eyes open ... Every day you are reminded that there is no such thing as innocence. And every day you have to think of new ways of saying old and obvious things. Things about love and greed. Things about politics and governance. About power and powerlessness... things that must be said over and over again..."

You see, once again Guha is guilty of flabby conclusions drawn from sloppy reading. Frankly, between his suspect politics and slapdash scholarship, a woman's spoiled for choice. Does anyone have the right to defame someone in such careless, wanton fashion? I think he owes me a public apology.

What about the charge that you simplify things, express them in black and white?

I don't simplify things. I try and explain complicated things in simple language. That's an entirely different enterprise. I find it offensive, this notion that things are too complicated to explain to an ordinary reader - again, this coterie, this club-mentality. I write about things that vitally affect peoples' lives. To say that things are too complicated to explain is just not good enough. They must be explained. Experts love to hijack various aspects of an issue - displacement, rehabilitation, drainage, hydrology - and carry them off to their lairs where they guard them against the curiosity of the interested layperson. But eventually it's not rocket science. It's about our daily lives. All these things must be understood, connected up and explained - simply and cogently. It's not enough to accuse me of simplifying things - how? what? where? Be specific. I can handle it. Everybody needs to know and understand what's going on. Not just the headboy and cupboard captain or the people who went to good schools. Not explaining something is a way of wresting power and holding onto it. It's a way of making yourself seem important, of trying to sound cleverer than you are. Of course I understand, there's jobs and money in

that. But beyond a point, it becomes vulgar...

As for my monochromatic vision, things are more black and white than we like to admit. The subtlety is seeping out of our lives at a pretty nifty pace.

One of the more persistent criticisms of the NBA and you is that you are Negativists, Nay sayers...

Ah yes, that's the "Has Medha Patkar ever made a gobar gas plant?" school of thought. I just don't understand it. Big Dams wreak havoc. They have displaced millions of people, destroyed rivers and estuaries, submerged forests. The Narmada Valley project alone will submerge 4,000 square kilometres of forest. How does the fight to save this count as negativity? If there's a forest fire raging and someone's trying to put it out, is it negativism or is it conservation? If everything is destroyed there'll be nothing left to conserve! The NBA has been an inspiration to peoples' movements all over the world - how can you knock this? Any one of its activists is worth more national pride than all the Miss Worlds and Miss Universes put together a thousand times over. There are amazing people doing the most wonderful work in water-harvesting and water management all over India. Premjibhai Patel of Upleta, Manubhai Mehta of Savarkundla, the Tarun Bharat Sangh in Alwar and hundreds of others dotted across the country. But the fire-fighters and the water-harvesters are both part of the alternative solution. Neither would be much good without the other. One makes space for the other. The NBA is like an ice-breaker - a ship that clears the way through cliffs of ice for other ships to sail through. There's no need for Medha Patkar to prove herself by designing a gobar gas plant, or for Rajinder Singh of the Tarun Bharat Sangh to prove himself by leading a dharna. They both do what they do wonderfully well. Pitting them against each other is small-minded, and it's destructive.

And while criticising the NBA, what does Mr. Guha hold up as his alternative vision? Dr. Pushpangadan, who collects rare medicinal plants - there won't be many of those around if the forests disappear. And JFM [Joint Forest Management] schemes in Bengal. I mean: what's he trying to say? That the World Bank and the Ford Foundation are the new radicals in town? The new peoples' movements? What's this? A wonky worldview? Or a grateful nudge and a wink to old friends?

In his attack on your new essay Power Politics published in Outlook (November 27, 2000), Guha says - and I quote: "...instead of turning on globalisation... we should come to terms with it, bend it as best we can to our interests - if we want to hold our own against foreign capital, we must encourage innovation by our technologists and entrepreneurs, not mock them as Roy does." Your comment?

I'm getting a bit tired of this bloke. You know, I think he must have read someone else's essay. Because I haven't yet - at least not that I'm aware of - written an essay on globalisation. Power Politics, for anyone who's prepared to read it and not just the blurb on the cover of Outlook, is an essay that argues specifically against the privatisation and corporatisation of essential infrastructure. The word 'globalisation' is not mentioned in the entire essay, not once. However, if and when I do

write about globalisation, I can assure you that my views on the subject will be very different from Guha's.

But to answer his charge that I have mocked our technologists - take a look at this, it's a passage from Power Politics:

"The First World needs to sell, the Third World needs to buy - it ought to be a reasonable business proposition. But it isn't. For many years, India has been more or less self-sufficient in power equipment. The Indian public sector company, Bharat Heavy Electricals Ltd [BHEL], manufactured and even exported world-class power equipment. All that's changed now. Over the years, our own government has starved it of orders, cut off funds for research and development and more or less edged it out of a dignified existence. Today BHEL is no more than a sweat shop. It is being forced into 'joint ventures' (one with GE, one with Siemens) where its only role is to provide cheap labour while they provide the equipment and the technology. Why? Why does more expensive, imported foreign equipment suit our bureaucrats and politicians better? We all know why. Because graft is factored into the deal. Buying equipment from your local store is just not the same thing."

Does this sound like I'm mocking our technologists? Seriously, are we talking about the same essay? Is there some other Arundhati Roy? Arundhati Rao? Aradhana Roy? Does she write essays for Outlook and Frontline? And this man lectures me about intellectual probity?

The globalisation debate has a very interesting spin on it - all its admirers, from Bill Clinton, Kofi Annan, A.B. Vajpayee to the cheering brokers in the stalls, all of them say the same lofty things: if we have the right institutions of governance in place - effective courts, good laws, honest politicians, participative democracy, a transparent administration that respects human rights and gives people a say in decisions that affect their lives - then the globalisation project will work for the poor as well.

My point is that if all this was in place, then almost anything would succeed: socialism, communism, you name it. Everything works in Paradise, even a poor old Banana Republic! But in an imperfect world, is it globalisation that's going to bring us all this bounty? Is that what's happening here now that India is on the fast track to the free market? Does any one thing on that lofty list apply to the Narmada issue? Has the Supreme Court been just and accountable? State institutions transparent? Have people had a say, have they even been informed of decisions that vitally affect their lives? The answer is no, no, no... And strange to say - in this beleaguered democracy, is it the votaries of globalisation who are out there on the streets demanding accountability and responsible government? Of course not! And when someone else does - the NBA, or another people's movement, or an unfortunate private citizen, and has to contend with the police or, worse, academics with dubious politics - do these guys spring to their defence?

People have said that your essay Power Politics is self-contradictory because it is an argument against the market and globalisation by one who is placed at the heart of the global market for celebrity-hood.

People have said? [chuckles] It's the old boy again, isn't it - what's his thesis this time? That all celebrities must support globalisation? Or that all writers who sell more than a certain number of copies of a book must support globalisation? What's the cut-off? Thirty thousand copies? Do language editions count? Audio books? Braille?

I learned that *The God of Small Things* has sold six million copies in some forty languages. Your agent, David Godwin, also tells me that you've turned down offers for film rights from all over the world, including Hollywood. Are you waiting for the right director? Can we ever expect to see a film version of your novel?

No... it's not about the right director. I don't think my book would make a good film. Besides, I don't think cinema has to be the last stop for literature, for novels. I had written two feature screenplays before I started writing *The God of Small Things*. I was feeling a little confined by the 'externality' of cinema. I wanted to be free to write from within, from inside peoples' hearts and heads. I wanted to feel free to write a whole page describing the moon and the trees in the river, not just have to write Scene 21. Ext. Night. River.

Perhaps because I was a screenwriter, I set out to write a stubbornly visual but unfilmable book. And I did. The most visual thing about *The God of Small Things* are the feelings. How would you film lonely, frightened little Rahel coming home with a kangaroo-shaped waste bin in Cochin Airport? I don't see cinema capturing the magic whisper, the helicopter kisses, the secret breathing of a cement kangaroo. Not unless you were making the Walt Disney version.

Also, I think that each reader of *The God of Small Things* has his or her own version of the film running inside their heads - there are six million different versions of the film. It would be a pity, don't you think, to let a single film-maker extinguish and appropriate all those versions, and force-fit them into a single, definitive one. This decentralised democracy is fine by me [smiles].

And this may sound silly, but I couldn't bear the idea of seeing actors play Estha, Rahel, Velutha, Ammu, Chacko... it would kill me. I love them too much. I always will.

It's interesting that Prime Minister Vajpayee has been vacationing in a resort in Kerala made internationally famous by *The God of Small Things*. The media have been full of this connection...

[smiles]... yes. "The History House. Whose doors were locked and windows open. With cool stone floors and dim walls and billowing ship-shaped shadows on the walls. Where plump, translucent lizards lived behind old pictures and waxy, crumbling ancestors with tough toe-nails and breath that smelled of yellow maps gossiped in sibilant, papery whispers..." I know that bit by heart. When I was a child it was an old, abandoned, crumbling house that filled my imagination. It's odd, when the Prime Minister goes vacationing in the setting of your worst, most private, childhood terrors. But wasn't it Toni Morrison who said something like

"literature is a very private thing, fashioned for public consumption"? It's funny how my terrors have become a tourist paradise... but it's okay. I'm a big girl now [laughs].

Coming back to the issue of celebrity-hood - what's your relationship with it? How does it affect your writing? How do you deal with it?

Celebrity-hood - I hate that word. How do I deal with it? When Rock Hudson's career was on the skids, if he heard of a friend or colleague who was doing well, he'd say "Damn him, I hope he dies." That's a bit how I feel about my celebrity-hood. When I see a picture of myself in the papers, I feel hostile towards my public self and say "Damn her, I hope she dies"...[smiles].

But actually, it's a very, very difficult thing for a person to come to terms with. For a while I thought it would drive me clean crazy. But I think I'm beginning to get the hang of it now. I worked it out from first principles - I'm a writer first and a celebrity next. I'm a writer who happens to have become, for the moment, a celebrity. As a matter of principle, I never do anything because I'm a celebrity. I don't inaugurate things, I don't appear as a chief guest anywhere, I don't 'grace' occasions, I don't do chat shows, I don't do interviews - unless of course I'm rubbishing ecological historians! - or have something very specific to say.

But I also don't not do the things I want to do. I live, I love, I bum around, but above all, I write. And I support what I write. The celebrity part just trails along behind me making a heck of a noise - like a tin can attached to a cat's tail. I can't take it off - but it'll fall off on its own sooner or later. For now, I try to ignore it. Of course, it's not that simple. Every time I show up at an NBA dharna - and whether or not I show up is always a collective decision taken with them - the Press invariably reports that I 'led' it along with Medha. Now that's ridiculous! Ridiculous to equate us in any way, ridiculous to imply that I lead anything, leave alone the NBA. Fortunately, both Medha and I are aware of the double-edged nature of media attention. As I keep saying, she's the good one, I'm the bad one, and the bad news is that we're friends!

How does all this affect your writing? It's given you a lot of space to say what you want to say. Does that put any pressure on you? Do you run the risk of becoming a ragbag of good causes?

Make no mistake, it's not the tin can, not celebrity-hood, that's given me the space. It's my writing. I'm very clear on that one. I'm a celebrity because I'm a writer, not the other way around. After all, you or Vinod Mehta of Outlook - you're not running a soup kitchen, are you? You give me the space because it's worth it to you, because you know that I am read.

But if you're asking whether the fact that I know the space is available puts pressure on me - it does. At times. Because for me, to say nothing is as political an act as to say what I do say. There are these two voices virtually at war within me - one that wants me to dive underground and work on another book, another that refuses to let me look away, that drags

me deep into the heart of what's going on around me. As for becoming a ragbag of good causes - you're right, the pressure is tremendous. Simply because horror lurks around every corner, and it's hard to listen to an account of it and then say that you can do nothing to help. But, you know, for me to become an ambassador of good causes would do injustice to the causes and a great violence to my writing self - and that's something that I will not sacrifice. At any cost. A singer sings, a painter paints, a writer writes. For some it's a profession. For others it's a calling. One does it because one must.

It sounds like a lonely place that you work from. What do you find most difficult about being who you are and doing what you do?

Well, every writer - good, bad, successful or not - who's sitting at a desk looking at a blank piece of paper, is lonely. It's probably the loneliest work in the world. But once the work is done, it's different. I'm not lonely at all - I'm the opposite of lonely. How can I, of all people, complain? I like to think that if by chance I were to become completely destitute, I could spend the rest of my life walking into people's homes and saying, "I wrote *The God of Small Things*, will you give me lunch?" It's a wonderful feeling. When I go to the Narmada Valley, I see my essay being read in Hindi, in Gujarati, in Marathi - even translated orally into Bhilali. I see parts of it being performed as a play. What more could a writer ask for? How much less lonely can I be?

It's true that I write about contentious things. Closer to home, there's some hostility. Each time I step out I hear the snicker-snack of knives being sharpened, I catch the glint of scimitars in the sun. But that's good. It keeps me sharp - fit, alert, it focusses my thought, hones my argument, makes me very careful about what I say and how I say it. On the whole, it isn't a bad university to go to. I don't have the luxury of carelessness that some of my critics do.

Well, even Ramachandra Guha applauds you for your courage and the NBA for its loyalty to you.

Courage and loyalty? They sound like kind words for a good horse. D'you think that's what he meant when he called us 'neigh-sayers'? [laughs helplessly]... Sorry about that, Ram!

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Compass Direct

January 2001

TESTIMONY OF A TEACHER EXPELLED FROM NANJING SEMINARY

His Open Letter Reveals the Nature of Political Control at China's Seminaries

by Paul Davenport

In June 2000, Bishop Ting and the leadership of the Nanjing Seminary, China's most prestigious theological school, expelled Ji Tai, one of its most promising teachers. Ji Tai soon after wrote an open letter in which he explained the circumstances behind his expulsion, which sent shock-waves around China and overseas.

His letter reveals the nature of political control at the seminary and the grim reality behind Bishop Ting's political campaign to "make theology compatible with socialism." The struggle for the gospel in China's seminaries has important repercussions not only for Chinese Christians but

for all Christians who wish to aid the Chinese church effectively.

What follows is the English translation of the full text.

"I have some unexpected news: The seminary has forced me to retire -- in reality, has fired me! There are two reasons they gave for this: (1) 'carrying out illegal religious activities' and (2) 'opposing the plan for the curriculum.'

"The first refers to my going to preach, teach and baptize in the grassroots churches without permission from the authorities. The latter refers to my often not attending political studies and the ceremony of raising the flag at the seminary. Neither of these 'crimes' can be established.

"First, as a seminary teacher and pastor I have the authority and the duty to aid the grassroots churches. Second, the theological curriculum should be fully rounded to train the spirit, the mind, the body, etc., of the pastoral workers and not just to train political opportunists.

"In fact, these 'crimes' are simply pretexts. They did not disclose my real 'crimes' which, I understand, were 'opposing the Three Self' and 'opposing theological construction' (proposed by the modernist Bishop Ting).

"They probably said I opposed the Three Self because a few years ago I published an article in the Nanjing Theological Journal entitled 'Thoughts on the Task Facing the Chinese Church.' Its gist was that many of the 'ten great tasks' for building the church that were raised by Wu Yaozong (the first leader of the Three Self) in 1956 have still not been achieved today, and we need to follow on and expand the work.

"I also raised some problems existing in the Three Self: e.g. when talking about patriotism, we should not label people with the political slur of 'unpatriotic.' This touched a sensitive nerve in those apologists for the Three Self. So they took a sentence out of context to accuse me of 'opposing education in patriotism.'

"So far as opposing 'theological construction,' we need to go back to 1995 when Ting Guangxun set up a theological research institute and invited me to head it up. I was unclear at the time whether this was a step in his 'theological construction.' He kept on passing us material to read and making various hints, the most important of which was the statement he issued at the work group of the Chinese People's Political Consultative Committee.

"In this speech, he attacked the very heart of the Christian faith -- justification by faith. He suggested we should promote morality and not preach about faith and unbelief. He also praised Chinese traditional folk religion as an example of "making religion compatible with socialism."

"Another thing that extremely annoyed Ting was that the Southern Baptists on the one hand cooperated with the Three Self, but on the other hand were also secretly engaged in evangelism. When the government discovered this 'two-track policy,' Han Wenzao published a statement in "Tianfeng" magazine

strongly attacking the Southern Baptists, even going so far as to say that their evangelism 'opposed Christian faith.'

"The president of one Southern Baptist seminary wrote a letter to Han in which, from Scripture and church history, he defended the propriety of using every means to preach the gospel. He left this head of the China Christian Council speechless, and he had to turn to Bishop Ting for help.

"Ting ordered our research institute to hold a seminar to find some theological principles to denounce these opponents, but I turned a deaf ear to them. Ting was forced to get involved himself, so he summoned some teachers to a criticism meeting. What irked him was that, apart from a few of the old political Three Self people going through the motions, the rest of the younger teachers and research students said not a word. Ting believed that I was the ringleader.

"Moreover, in two articles I deeply wounded the Three Self authorities. "One, entitled 'Discerning Miracles today,' stated that Jesus refused to perform miracles for the Pharisees. He said that they could tell changes in the weather but were unable to discern the signs God manifested at the end of the age. This was to encourage people to apply their faith to the real events happening in the world today.

"Finally, I referred to the signs happening in the church at the end of the age, including people betraying their own brethren within the church and even preachers opposing the gospel. As soon as it was published, it aroused strong opposition as the Three Self leadership thought it fitted them and they were the ones being attacked.

"Another article was 'Research into the Bible and Chinese Society.' From a hermeneutical standpoint, this outlined the two different trends in exegeting Scripture: one, from a political standpoint and the other from the biblical text itself. It mentioned the Three Self's opportunism in explaining Scripture from a political standpoint.

"This essay was published in Hong Kong and immediately upset Xu Rulei, one of the Three Self's standard-bearers. Xu summoned a conference in Nanjing and organized all those with theological knowledge in the Three Self to come and criticize my essay. Apparently Ting also personally took up his pen to attack me.

"This divergence in matters of faith, as described above, was the chief reason why the Three Self and the seminary leadership decided to expel me. Naturally there are others, including my criticisms in my lectures of the 'new theology,' which abandons the Bible and denies the faith, as well as my preaching the truth concerning the right way of serving the church in the grassroots churches. These churches included independent churches that do not wish to join the Three Self, as well as unregistered house churches.

"So far as the decision of the seminary leadership to expel me is concerned, I did not feel it as a sudden bolt from the blue. Although I felt they were rather vicious and bad in doing this, it was not totally unexpected. I believe deeply that God has His perfect will in all this.

"Two days before the announcement, the Lord forewarned a sister as she was praying for me. When Ting announced my expulsion at the teachers' meeting, suddenly all the lights went off and it was pitch black for four or five minutes. Many people immediately recalled the verse in Luke 22:53 that says: "But this is your hour and the power of darkness."

"The day after my dismissal, I gave my final lecture in the seminary. When I went into the classroom as usual, I was greeted with a storm of applause. There was a particularly strong turnout of students, and I saw a teacher sitting at the back -- one of my colleagues who was forced to put pressure on me and to cut himself off from me.

"Everyone was very moved and some girls were in tears. I struggled to control myself and calmly reviewed the Old Testament theology we had studied over the past year. From God's creation, His promises and election up to the last days, I drew together God's revelation in the Old Testament as a lesson for us to ponder in the church today.

"As my final words, I urged the students to be 'without fault in a crooked and perverse generation.' Many had tears in their eyes, and some wept out loud. They rose to pray, and the sound grew steadily louder filling the entire room. The Holy Spirit filled the hall.

"Then, out of the blue, my former colleague began to pray. The Holy Spirit moved him to confess his sins publicly and admit that he had denied the faith out of fear. He begged God's forgiveness, saying, 'I can give testimony before God and you all that Pastor Ji has done nothing to disobey the will of God!'

"My tears then fell freely and everyone wept. Afterwards, I shook hands with everyone, embraced them, and there was an explosion of clapping. My heart was full of peace and thanksgiving. If my treatment caused slumbering souls to awaken, then was not this God's beautiful intention?

"The leadership with Ting at its head dealt with me by expelling me and then 'requesting' the Three Self and Christian Council of Jiangsu province to temporarily rescind my pastorate and send me to a small church where I could be under observation and be 'reformed.' They also drove out my wife under the excuse of needing 'to take care of the home.'

"Thus they thoroughly purged away the obstacles to their 'theological construction.' But I believe deeply that no matter what, God is the Lord of this seminary and He is Head of the Chinese church and Lord of human history. The powers of darkness may flourish for a time, but truth will finally prevail.

"Please pray for us that God will guide us for the future.

"Your brother Ji Tai, 10 July 2000"

Compass Direct
January 2001

CHRISTMAS CHURCH BOMBINGS IN INDONESIA MEANT TO PROVOKE WAR

Christian Leaders Say Attacks were Designed to Inflamm Muslim-Christian Tensions

by Alex Buchan

LONDON (Compass) -- Indonesia's Christian and political leaders are convinced that the widespread Christmas Eve church bombings were meant to provoke all-out war between the Muslim and Christian communities in the country.

"Some shadowy groups want to make the whole of Indonesia like Ambon," said a Jakarta pastor, referring to an island in eastern Indonesia's Maluku chain that has been devastated by religious conflict.

Seventeen people were killed and hundreds were injured when cars packed with explosives were detonated outside churches at nine o'clock in the evening on December 24, when hundreds of Christians were gathering to attend Christmas Eve services. Twenty bombs went off in Jakarta alone, where five churches were targeted, including the Roman Catholic cathedral.

The attacks were nationwide and coordinated with such precision that many pointed the finger of suspicion at the military. Bombs went off outside mainly Roman Catholic churches in Jakarta, Bekasi, Bandung, and Sukabumi -- all cities in the western part of the island of Java. Bombs also exploded nearer churches in Mojokerto, east Java, in Medan and Pekanbaru on Sumatra island, and in Mataram in West Nusa Tenggara.

Those killed were mainly ordinary citizens unfortunate enough to be near the blast site, although four policemen were killed trying to defuse the bombs. According to a Jakarta-based missionary, "It could have been so much worse. Only half the bombs planted actually went off, and police seemed aware that a major incident was planned."

In Medan, eleven bomb parcels sent to pastors and churches were all intercepted and defused.

No one took responsibility for the blasts, although foreign journalists were quick to accuse the military. The BBC's Indonesia correspondent, Jonathan Head, said on December 25, "No other group is capable of mounting such a concerted campaign of terror, with such weaponry and precision, as a disgruntled military faction."

Leading Christians were quick to dampen speculation that the bombs were set off by Muslim extremists. The Indonesian Bishop's Conference issued an appeal on December 28 urging Christians not to retaliate, adding that there was a sinister method behind the terror.

"Be careful not to enter a trap ... the bomb explosions around Christmas are meant to give the impression that it is the act of Muslims, and then around Idul Fitri (end of Ramadan) the same group will detonate bombs to give the impression that Christians are retaliating," the Bishop's appeal stated.

Indonesia's embattled president, Abdurrahman Wahid, said the same at a

December 29 prayer service in Jakarta. Attended by 8,000 Christians in the Jakarta Convention Center and led by Protestant and Catholic leaders, Wahid said the aim of the bombings was "to shake the government, create panic and fear so that the government cannot function."

He added that he was determined to keep the government out of religion, saying, "The state must not have any formal connection with religion." Though his stance pleases Christians and moderate Muslims, it antagonizes Muslim extremists in the country, who want the government to become formally Muslim and promote Islam throughout society.

That Wahid is a Muslim cleric with theological arguments to back up his liberal position annoys extremists even more. A Catholic bishop confided, "I sometimes think that all we have standing against the greater Islamization of this society is Wahid himself."

Police admitted they were aware of plans to make it a "bloody Christmas," which enabled them to foil many of the bombers. At the moment, however, no one knows who is responsible, and many doubt whether the authorities will ever know.

"Let's face it, we're still trying to find out the identity of those who organized the church burnings of 1996-1997," said a Catholic bishop.

Indonesia's 210 million people are about 80 percent Muslim, but there is a large Christian minority (10-14 percent) along with other religions. The country's 1945 constitution recognizes five religions as equal and strives to keep them out of politics.

"We all know that Indonesia will collapse if the religions and ethnic groups fight each other," said a government official.

But in the 1990s, former president Suharto, in order to boost a failing power base, began courting extremist Muslims and giving them positions of prominence. Much of the instability today stems from that fateful tactic.

The two million inhabitants of the islands of Maluku have been embroiled in a dreadful religious civil war since the beginning of 1999. Nearly 5,000 have been killed with over 180,000 displaced. Christians and Muslims have a rough parity in numbers, but the killing in 2000 worsened with the arrival in April of a Muslim jihad force of 3,000 men with artillery.

Many of Suharto's cronies wish to retake power, and it is thought that he has friends within the military who are not relishing the downgrading of their influence as Indonesia attempts to become a democracy.

According to Catholic analyst Franz Magnis Suseno, "A pro-Suharto strongman's best chance of gaining power is to foment so much chaos that everyone asks the army to restore power, and then he is ready to play the hero." He added, "Setting religions against each other is a classic destabilizing tactic, and one which -- alas -- would be very effective here in Indonesia."

If Christian leaders were right, and the Christmas Eve bombings were the

first phase of a provocation campaign to make Christians think Muslims were killing them, then the second phase -- mosques being blown up at the end of Ramadan -- was mercifully averted.

"We have had a narrow escape," said a Jakarta pastor, "but the forces of destabilization will return."

Compass Direct
January 2001

MALUKU LEADERS ASK FOR HELP TO PREVENT FURTHER FORCED CONVERSIONS

Hundreds of Christians in Eastern Indonesia Have Been Forced to Become Muslims
by Alex Buchan

LONDON (Compass) -- Alarmed by mounting evidence from evacuees that perhaps as many as a thousand Protestant and Catholic Christians on the islands of Kesui and Teor were forcibly converted to Islam, often involving painful circumcisions, leaders of the Maluku churches again issued an emergency appeal to the Secretary General of the United Nations to prevent further coercion.

"The most urgent actual need, which should have priority, is the presence of international security forces, international and independent survey and investigation teams to restore law and order and respect for human rights," the Christian leaders stated in a December 15 appeal.

According to the Crisis Centre of Ambon -- a Roman Catholic monitoring agency -- "a total of 615 Catholics and some hundreds of Protestants" were coerced into becoming Muslims when 2,000 Islamic militants attacked villages in the islands of Kesui and Teor between November 23 and December 11.

The Centre revealed there were a total of 1,533 Catholics living on the two islands, and 619 remain in hiding in the forest or are unaccounted for, with a further 200 fleeing to another island. Reliable statistics for the Protestant community are not available.

A government investigation team in mid December evacuated a total of 172 people, and the refugees have been telling their stories in Ambon. Some witnesses told of Muslim extremists arriving on the island as far back as September who said, "We will attack your village if you do not convert."

"Once the news got around the island that two Protestant teachers on December 1-- E. Rumatora and David Balubun -- had been killed for refusing to convert, we were all very scared," said an unidentified refugee.

Others claimed that when they came out of the forest after the fighting they were taken to mosques and told, "By order of the jihad, now that you have come down from the woods, this means you have to embrace Islam. If you are not willing to do this, we have to separate you from the others, and you will be killed."

Some told of crude circumcision rites inexpertly performed with razor blades on women as well as men.

At first the governor of Maluku, Saleh Latuconsinua, a Muslim, refused to admit forced conversions had taken place. He sent a freighter on December 1 with security officials on board, but they merely talked to jihad fighters who said no one wanted to be evacuated.

An investigation team sent December 10-11 interviewed a few villagers but could not find anyone who admitted to being forced to convert. But the one Christian on the team, a Catholic priest named Fr. Binsasi, said, "No one was prepared to talk to the investigating team in front of the Muslim fighters. There was no privacy."

Another team was sent December 13, and they managed to interview some of the "converted" Christians in the privacy of the boat. Many poured out their stories, though not all wished to leave families behind for fear of reprisal, so "only 147 Catholics and 18 Protestants were evacuated." On their return, the governor admitted forced conversions had indeed taken place.

This is not the first time forced conversions have taken place in the two-year-old war in Maluku in eastern Indonesia. But the Kesui and Teor incidents are unique in their scale.

"Never before have so many at one time been forced to convert," said a Catholic priest.

On December 19, a day of fasting and prayer was observed by the 21 denominations represented in Maluku. On December 23, 500 church leaders led a public protest in Ambon city against the forced conversions and handed a petition to the governor.

However, Laskar Jihad -- the Muslim extremist force roaming around Maluku -- released their version of events via their website. They claim that the Christians wish to create a separate state, that the church is the "political tool of the separatists," and that the Christian aim is to "annihilate all Muslim people in Maluku."

This was dismissed as "propaganda," even by the Indonesian government.

But church leaders warned against unhelpful exaggeration of Christian suffering by some foreign organizations. The Crisis Centre of Ambon refused to sign an appeal issued by the "Australian Peace Committee" which claimed that "23,000 Indonesian soldiers backed by 30,000 Laskar Jihad mercenaries were waging full scale war, with 40,000 killed so far."

Said Fr. C.J. Bohm of the Crisis Centre, "We very much appreciate the world's concern but are not helped by such exaggerations, which, of course, will simply be put aside by those addressed, since they are too clever to believe such nonsense."

The December 15 appeal letter from Maluku church leaders was to be sent to Mrs. Mary Robinson, the U.N. High Commissioner for Human Rights. Reliable

sources indicate that between 4,000-5,000 people have been killed in the fighting, and around 180,000 have been displaced.

.c The Associated Press
Jan. 17, 2001

Indonesian Police, Protesters Clash By DANIEL COONEY

JAKARTA, Indonesia (AP) - Police fired warning shots and tear gas when about 3,000 protesters stormed the gates of Indonesia's Parliament on Wednesday in the biggest demonstration yet against President Abdurrahman Wahid.

The demonstrators, many of them college students, demanded that Wahid quit over a series of financial and political scandals.

Hundreds of riot police carrying batons and shields pushed the demonstrators onto a road outside the legislature after the crowd tried to break through the main gates. No one was injured.

``Wahid has had his chance and failed," said student Dambung Tien. ``We need a new president who will really reform this country."

Wahid ignored a summons to face an inquiry by lawmakers on Wednesday. Instead, he agreed to answer their questions at the presidential palace next week.

The protest followed days of speculation that Jakarta would be hit by a new wave of demonstrations against the government.

Wahid has been sharply criticized for his failure to curb corruption, prosecute key figures in Indonesia's former authoritarian regime, fix the ailing economy or stop violence in several regions of this mostly Muslim archipelago nation of 210 million people.

He is also under rising pressure to resign over his alleged involvement in two financial scandals.

One, known as Bulogate, centers around the president's masseur who is accused of absconding with \$4 million from the nation's main food distribution agency.

The other, known as Bruneigate, came to light last year when Wahid revealed that the sultan of neighboring Brunei had personally given him \$2 million as a charity donation for displaced persons in a troubled Indonesian province.

Wahid has denied any wrongdoing and described his summons as outrageous and unconstitutional.

Presidential spokesman Yahya Staqus quoted Wahid as saying he hoped people would remain calm and not take part in the protests. He said Jakarta was still safe.

Thousands of police were placed on alert in the capital, which has also been wracked by a series of bombings. Wahid has blamed the attacks on forces that he says are determined to destabilize his 14-month-old government.

Meanwhile, in East Java, thousands of Muslim militants took to the streets in 12 towns to demonstrate their support for Wahid and Vice President Megawati Sukarnoputri, the official Antara news agency reported.

It quoted Ali Maschan Moesa, regional chairman of Nahdlatul Ulama, the country's largest religious organization, as saying its members were ready to confront anti-Wahid protesters.

In Jakarta, police arrested a man for attempting to smuggle homemade firearms into the parliament building during the demonstration.

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Reuters
Jan. 17, 2001

Indonesian police, students in parliament standoff
By Tomi Soetjipto

JAKARTA, Jan 17 (Reuters) - Indonesian police fired tear gas on Wednesday at about 3,000 rowdy students outside parliament who were protesting over two financial scandals linked to embattled President Abdurrahman Wahid.

Witnesses said scores of police fired tear gas at the students as they tried to pull down a main gate leading into the parliamentary compound in central Jakarta.

There were no actual clashes and the students later gathered inside parliament's grounds, shouting slogans for several hours in scenes reminiscent of their 1998 occupation of the House yard that preceded the downfall of former President Suharto.

The raucous crowd carried posters with anti-Wahid slogans. One read: "Gus Dur is no longer worthy of being president," referring to the president by his nickname.

Police placed rolls of barbed wire near the door of parliament to prevent the students from storming the building.

By mid-afternoon, the protesters had left.

Indonesia's financial markets have been jittery in the past week over the threat of renewed political violence, although rumoured mass demonstrations failed to materialise on Monday.

A parliamentary committee investigating the two financial scandals had been

scheduled to question Wahid on Wednesday at the House, but the Muslim cleric refused to attend. He instead invited MPs to question him at the presidential palace.

But the head of the team, Bachtiar Chamsyah, said a letter from Wahid conveying the invitation was not formal enough to prompt a visit from members of the parliamentary team.

"The letter only requested (the presence) of a few members of the committee. The president did not invite the team as a whole... so there is no invitation... There is no need (to go)," Chamsyah told reporters.

It was unclear where that left the standoff.

The 50-member team is scheduled to finish its investigation on January 25 and announce its findings on January 29.

Earlier, Chamsyah told protesters that parliament would push ahead with the probe, which could lead to lengthy impeachment proceedings against Wahid if MPs uncover evidence he was involved in any criminal activity. Wahid has denied any wrongdoing.

"God willing, the special committee will not back down from all the pressure," Chamsyah, a member of the United Development Party, said from atop a car inside the parliamentary compound.

"The special committee will prove whether the president has abused his power or not," he said.

Wahid's willingness to answer questions will please financial markets, but the threat of impeachment proceedings still lingers.

One scandal involves the theft of \$4.1 million from the national food agency, Bulog, by people claiming to be acting on Wahid's behalf, including his masseur.

The other is over Wahid's acceptance outside government channels of a \$2 million donation from the Sultan of Brunei for humanitarian aid for troubled Aceh province in Sumatra.

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Rebels say Indonesia arms ultimatum a provocation

STOCKHOLM, Jan 17 (Reuters) - A rebel group fighting for independence for Indonesia's gas-rich Aceh province on Wednesday denounced a demand from Jakarta that they disarm as a provocation.

"We will not accept it. This (demand) is why the tension has risen," Aceh health minister-in-exile Zaini Abdullah told Reuters in a telephone interview from the Free Aceh Movement's (GAM) Stockholm headquarters. "This is a provocation."

Indonesian Defence Minister Mahfud M.D. told reporters in Jakarta on Tuesday that GAM members must hand in their weapons within two weeks otherwise they would be seized.

Jakarta has made similar threats in the past in its decades-long conflict with the well-armed rebels which has left thousands dead.

"I think this is a very very stupid announcement from the defence minister. The Acehnese cannot accept it at all. We cannot surrender. We must preserve our sovereignty," Abdullah said.

Indonesia and GAM agreed last week to extend by one month a six-month ceasefire that would have expired on Monday, and plan further talks in early February through a Geneva-based advocacy group to work on a permanent political solution.

Jakarta has offered Aceh more autonomy and a greater share of its own wealth but ruled out independence, fearing more separatist rebellions after a vote for independence in East Timor provoked vicious clashes there.

GAM has so far refused to compromise on its demands for an autonomous state.

"The aim for Aceh is to get independence," Abdullah said. He declined to say whether GAM would be prepared to accept a gradual progress towards independence in the interests of a compromise.

Abdullah called for an end to atrocities that have fuelled separatist sentiment among Aceh's four million inhabitants.

"The harassment and killing and so on is still going on. We need to make a moratorium on violence," Abdullah said.

The two sides have regularly clashed since the ceasefire first went into effect in Aceh on June 2 and up to 30 people have been killed in the past week.

One of several flashpoints in the world's fourth most populous country, Aceh is a thorn in the side of Indonesia's embattled President Abdurrahman Wahid as he struggles to prevent his huge state from disintegrating.

The resource-rich zone at the northern tip of Sumatra accounts for a fifth of Indonesia's oil and gas exports and is a key prop for the fractious archipelago's creaking economy.

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Jan. 17, 2001

Myanmar Twin Leaders May Get Asylum

By MATTHEW PENNINGTON

SUAN PHUNG, Thailand (AP) - Thailand said Wednesday it will consider giving asylum to the twin boy leaders of a mystical rebel movement from Myanmar who surrendered after 12 months on the run in the jungle.

Prime Minister Chuan Leekpai met with the twins, Johnny and Luther Htoo, at the border patrol police headquarters here, and talked to them briefly through an interpreter.

The twins surrendered without arms Tuesday along with 12 followers including five boys, two girls, one middle-aged woman and four adult men or older teen-agers. Three more surrendered Wednesday.

Asked if the twins look like killers, Chuan shook his head and said, ``I'd like to see them with their parents and going to school."

The poorly equipped guerrillas of God's Army, which Johnny and Luther led, believe the twins have magical powers that make them invincible in their fight to overthrow the government of Myanmar, also known as Burma. The boys once claimed to have several hundred followers.

The Christian fundamentalist boys have fought to overthrow Myanmar's military government for more than three years, driven by a hatred for the predominantly Buddhist Myanmar army.

The twins became icons for youthful rebels around the world after the widespread circulation of an Associated Press photograph showed the angelic-looking, long-haired Johnny posing next to his tougher-looking, cigarette-puffing brother, Luther.

The boys claimed to be 12 when the picture was taken in December 1999.

On Wednesday, the twins and the 12 followers were lined up like obedient schoolchildren as Chuan talked to each of them.

He held up the long-haired Johnny's left arm and looked at a tattoo on it before moving on to Luther, who touched his palms together and bowed before the prime minister in a traditional Thai greeting.

Chuan held Luther's hand and touched him on his head. The nervous Luther broke into a broad smile. The slightly built, unhealthy boys, who are believed to be 13 or 14, look no older than 8 years old.

Army chief Surayudh Julanonda, who accompanied Chuan, said an investigation will determine if any of the group was involved in killing Thais. Those found blameless will be considered for refugee status.

The others will be prosecuted, he said, adding that the army is trying to contact the remaining God's Army members in the jungle to get them to surrender.

Officials had said that at least two followers who surrendered Tuesday were suspected of taking part in a Dec. 30 raid on a Thai border village in which six villagers were killed.

Among the three who surrendered Wednesday was a 15-year-old boy who is also suspected of taking part in the attack.

The group probably surrendered because of hunger and battlefield pressure from Myanmar and Thai forces, said Komes Daengthongdee, governor of Ratchaburi province where the group surrendered. Ratchaburi is 60 miles west of the Thai capital, Bangkok.

There was no immediate comment from Myanmar's military regime about their surrender or the possibility of asylum. But Komes said Myanmar had not asked for extradition.

At a news conference, Luther chain smoked and grinned when a reporter shouted his name. Johnny, tattoos visible on his arm under a tatty yellow-and-white striped shirt, smiled when he heard his name, but looked tense.

They have been hunted by the Thai army since January 2000, after God's Army was suspected of aiding another dissident Myanmar group that seized a hospital in Ratchaburi. All the militants were killed by Thai commandos.

The God's Army had earlier given refuge to guerrillas of the same group, which had taken hostages at the Myanmar Embassy in Bangkok in October 1999. They were allowed to go free in exchange for releasing their captives.

Most, if not all, of the God's Army followers are members of Myanmar's ethnic Karen minority, which has long sought autonomy from the central government.

About 140,000 Karen and other refugees from Myanmar live in refugee camps along the border with Thailand after fleeing fighting between rebel groups and the Myanmar army.

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Reuters
Jan. 17, 2001

Thai PM wants God's Army twins to go to school
By Nopporn Wong-Anan

RATCHABURI, Thailand, Jan 17 (Reuters) - Thai Prime Minister Chuan Leekpai said on Wednesday he hoped the gun-toting teenage twins who led a ragtag

band of guerrillas in Myanmar's jungles would go and live with their parents and start attending school.

Twins Johnny and Luther Htoo, believed to be in their early teens, surrendered to Thai police on Tuesday along with 12 other members of the God's Army ethnic Karen rebel group. Police relieved them of 11 M-16s and three AK-47s.

Looking nervous and confused, the twins were paraded in front of journalists on Wednesday. Luther chain-smoked cigarettes. Johnny, who has shoulder-length hair, smiled uncertainly at photographers.

Villagers along Thailand's border with Myanmar believed the twins had magical powers. The God's Army is a small rebel faction that broke away from the autonomy-seeking Karen National Union guerrilla force a few years ago.

Outgoing Prime Minister Chuan flew to the border police patrol base where the twins were detained. He had ordered a crackdown on the God's Army group after an attack on a Thai shop near the border last month which left six people dead.

"I'd like to see them with their parents and going to school," he told reporters after seeing the twins.

But the whereabouts of their parents are not known.

Thai officials said the twins were likely to end up in a refugee camp.

Officials said the twins and their companions would be investigated before a decision was made on their fate.

"We are now treating them as civilians fleeing warfare and we are interrogating them," Ratchaburi Provincial Governor Gomet Daengthongdee told a news conference.

"If a panel finds the group members were not involved with previous armed attacks inside Thailand, they would be categorised as refugees and sent to live in a Thai refugee camp."

BLOODY ATTACKS

God's Army has been linked to several armed attacks inside Thailand, including a siege of the Myanmar embassy in Bangkok in 1999 and a bloody attack on a hospital last January.

But no evidence has been found so far that the twins and their companions were guilty of any violence in Thailand, Gomet said.

"I don't think these people are fighters as most of them are women and children, but we need to interrogate them more," he said.

Police said the group, including nine teenagers, was hungry and exhausted and had turned themselves in following heightened security patrols along

both sides of the border by Thai and Myanmar forces.

They surrendered without a fight to a Thai police unit along the border on Tuesday.

Gomet said they had separately captured three other members of God's Army wanted in connection with the December 30 attack on a grocer's shop in Suan Pueng, a town in Ratchaburi province about 150 km (95 miles) west of Bangkok.

"The surrender is the result of an intense hunt by Thai security forces after the killing at the grocer's shop," he said.

There are some 140,000 refugees from Myanmar in Thai camps. Most are ethnic Karens who fled fighting between Myanmar government forces and autonomy-seeking Karen guerrillas.

06:09 01-17-01

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Reuters
Jan. 16, 2001

Albright says U.S. hasn't said last word on Myanmar

WASHINGTON, Jan 16 (Reuters) - U.S. Secretary of State Madeleine Albright, an outspoken opponent of Yangon's military rulers, said on Tuesday the administration had not said its last word about Myanmar.

At the beginning of her remarks at a ceremony to unveil new measures to help stomp out child labor around the world, Albright briefly mentioned Myanmar, also known as Burma.

"Over the past four years, my Cabinet partners and I have worked especially closely to address the issues of forced child and sweatshop labor around the globe," Albright said. "As anyone who's heard me knows, I have been particularly appalled by the forced labor situation in Burma, which the ILO (International Labor Organization) has condemned and which is unlikely to improve as long as democracy is denied.

"And although only a few days remain in this administration, please rest assured, we have not spoken our last word on Burma," she said, without explaining further.

Albright visited Myanmar in 1995, when she was the U.S. ambassador to the United Nations, to speak to Nobel Peace laureate Aung San Suu Kyi. She has been an opponent of the military rulers in Myanmar and has called for dialogue between the government and pro-democracy opposition leader Suu Kyi.

Earlier this month Albright said only time would tell if a new dialogue that just began between the military leaders and Suu Kyi was genuine.

The military government, which prevented Suu Kyi's National League for Democracy from ruling despite its landslide 1990 election victory, has held initial direct talks with Suu Kyi and was expected to hold more substantive discussions soon, a U.N. spokesman said last week.

Suu Kyi, who spent six years under house arrest before being released in 1995, has been isolated repeatedly since, including being forced to stay inside her Yangon home since last September.

After Suu Kyi was prevented from leaving Yangon last September, Albright issued a statement deploring the "heavy-handed action" as the latest "outrage" committed against Suu Kyi and other pro-democracy leaders.

The military government, in power for most of the last four decades, has never shown any sign of relinquishing control in Myanmar.

13:33 01-16-01

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Reuters
Jan. 17, 2001

Malaysia PM shuffles pack to woo Muslims, women
By Simon Cameron-Moore

KUALA LUMPUR, Jan 17 (Reuters) - Malaysian Prime Minister Mahathir Mohamad appointed two new ministers to oversee religious and women's affairs on Wednesday in a move analysts say is aimed at shoring up support for elections three years away.

Speculation of a cabinet reshuffle had swirled for the past few weeks, but the changes barely moved the market as investors were relieved Finance Minister Daim Zainuddin had kept his job.

Malaysia's benchmark stock index, depressed since last week without upbeat news, ended flat just under 680 points.

Mahathir's office created the new ministry for women's affairs in the reshuffle, which analysts read as a clear attempt to endear himself to an increasingly important vote bank.

Shahrizat Jalil, a deputy minister promoted by Mahathir to head the new ministry, represents a new generation of high-profile women whom the premier hopes will lure some of the female support the opposition Parti Islam se-Malaysia (PAS) has gained over the saga of former deputy premier Anwar Ibrahim.

WOMEN POWER

"Indeed we value the contribution of women and their role and that is why we created the ministry," Mahathir was quoted as saying by the official

Bernama news agency in his first comments on the reshuffle.

The premier recently promoted several women to high profile jobs, including governor of the central Bank Negara, Zeti Akhtar Aziz, and Attorney General Ainum Mohamed Saaid, and last year his United Malays National Organisation (UMNO) party created a women's youth wing.

"It is certainly a move in the right direction," said Abdul Razak Baginda, executive director of the Malaysian Strategic Research Centre. "Women account for about 30 to 40 percent of the electorate and they're a force UMNO has hardly tapped."

Abdul Razak said Mahathir seemed increasingly concerned with women's perception of his administration and this was probably one of the main reasons for the reshuffle. "He rarely changes horses midstream."

ISLAMIC AGENDA

The inroads made by Islamic parties have worried Mahathir's Barisan Nasional coalition, despite obtaining a two-thirds majority at a general election in November 1999.

PAS, which posed little threat before then, won control of two states by capitalising on disenchantment among many Malays with the treatment meted out to Anwar.

Anwar is serving 15 years in jail on corruption and sodomy charges he says were concocted to forestall a challenge to Mahathir's leadership.

As the PAS has grown stronger on the back of support for Anwar, it has also become bolder in pushing its Islamic agenda.

Evidence of ebbing support for Mahathir's UMNO was manifest in its by-election defeat last November at the hands of Parti Keadilan Nasional, headed by Anwar's wife, with the help of PAS.

The previous religious affairs minister resigned earlier this month in the wake of the by-election defeat in Mahathir's northern home state of Kedah.

Brigadier General Hamid Zainal Abidin, who used to head the armed forces Islamic corp, was appointed as the new religious affairs minister, but analysts said it was too early to say if he could steal some of the thunder from PAS.

Mahathir also appointed two new deputy ministers, M.Kayveas and Tengku Adnan Mansor, and a parliamentary secretary, Zainuddin Maidin.

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[Note from David Johnson:

1. WPS Russian Media Monitoring Agency: POLITRUK: Russian Political Plots,

a weekly survey of major Russian dailies: On the peculiarities of government policy and Russian patriotism in the winter period.

2. PRESS CONFERENCE WITH ALEXANDER KONOVALOV, STRATEGIC ASSESSMENTS INSTITUTE (SAI) PRESIDENT, AND SERGEI OZNOBISHCHEV, SAI DIRECTOR on Russia and the West: Partnership or Confrontation.]

#1

WPS Russian Media Monitoring Agency

www.wps.ru

POLITRUK: Russian Political Plots, a weekly survey of major Russian dailies and weeklies

Issue No. 37, 17 Jan 2001

On the peculiarities of government policy and Russian patriotism in the winter period

Russia's notorious unpredictablity, cited in any attempt at analyzing its politics, economy or society, has struck again - this time it's the weather.

Most analysts were predicting a general crisis in 2003; but because of the intense cold beyond the Urals this winter (a complete surprise for the authorities, as usual), the effect has already been felt. A series of man-made disasters in Siberia and the Russian Far East has shown that Russia, in the words of Nezavisimaya Gazeta, "is more in survival mode than in reform mode". As soon as the people turned to regional governments with demands for "less about reforms and politics - just give us heating", the helplessness of those goverments became obvious. "Regional leaders who have fought lengthy

battles for sovereignty are admitting that their own resources don't suffice to support essential services in extreme conditions."

Thus, meteorology has smoothly been transformed into politics (which is completely routine for a country where - in the absence of stability, a secure life, and many other things the West takes for granted - absolutely everything becomes political: from where the president was born to what kind of cars are used by state officials). The consequences of Siberia's cold snap, "when duly understood," predicts Nezavisimaya Gazeta, could well lead the president to "narrow the scope of radical economic and political changes." Man-made disasters are a forceful argument for the need to strengthen the well-known "state power hierarchy", and to increase the role of the security services in society (this isn't just a reference to the Emergency Ministry, of course).

In these circumstances, predicts Nezavisimaya Gazeta, Putin's presidential envoys will undoubtedly win their confrontation with the old Kremlin elite - and they will also gain extra emergency powers.

Russia is becoming a state based on authoritarianism and a single personality, while retaining a few "democratic counterweights" - says William

Smirnov, deputy head of the Russian Political Science Academy, in an interview with Vek weekly. Smirnov considers this process to be quite logical: "The historical tradition in Russia shows that any leader - and not only in Soviet times - unfortunately has to make use of authoritarian power wielded by one person, in order to transform the nation, achieve even a relative level of order, rein in the limitless selfishness of the elites." Smirnov regrets this, admitting that he himself holds "mostly liberal" views.

But he is nevertheless convinced that in our "collective historical memory" there still lives "an acknowledgement that a tough leadership style, and tough policies, are correct and traditional." From this point of view, Putin's political style is entirely consistent "not only with the Russian mentality, but with our political and legal culture" - in which the focus has never been on whether people obey the law, but on the meaning of "justice, freedom, and truth."

This is also a useful viewpoint from which to examine the ever-growing number of security service officers in government: "What other bodies have survived the trials of perverted democracy?" Russia's political and business elite has turned out to be short-sighted, says Vek: they all based their actions solely on personal or corporate goals, unconcerned about the national interest. "So it's not surprising that Putin has been drawing a lot of his staff from the security services."

Smirnov says that what we're seeing now is "a change in the system of government without official constitutional change." (As an example, he cites the reforms to the Federation Council - its former composition ran counter to the principle of separation of powers; also the creation of the seven federal districts, which have essentially become "new federal administration centers".)

Actually, constitutional change isn't ruled out. According to Argumenty i Fakty weekly, the Kremlin and its associates are working on various options for amendments and additions to the Constitution.

Rumor has it that the favored option is the work of Mikhail Krasnov, a former aide to President Yeltsin. In part, this includes a proposal to set up between five and seven more federal districts - which will include about 30 of the present regions. This means some existing regions will be reduced, and other will gain at their expense. Moreover, it is proposed to let the president rather than the Federation Council appoint the general prosecutor; and to increase the presidential term in office to at least five years. In a word, the policy of building up the "state power hierarchy" (in simple terms, "tightening the screws") continues.

Despite this (or maybe because of it), Putin remains as popular as ever. In another article, Argumenty i Fakty says his consistently high approval rating makes Putin's name a great marketing tool - a weapon in battles for top political posts. In the recent regional elections, the "Putin and me" ploy became one of the most widely-used methods. Moreover, it wasn't unusual for the PR teams of rival candidates in the same region to use this method with equal enthusiasm. They used image editing to create photos of a candidate standing next to Putin; they used print media specially created for the elections, and the Internet. How could a voter fail to trust a "Putin person"? And it's quite easy to become a Putin person with today's level of computer graphics. Understandably, the big money floating around in the regions during campaigns make elections "a short but sweet period for those who are expert in campaign advertising tricks."

Dmitri Oreshkin, head of the Mercator Group, has said in an interview with Literaturnaya Gazeta that the incumbent regional leaders won the recent round of elections - more specifically, it was the "party of bureaucrats" that won. "Voters are removed from decision-making these days - internal agreements within the ruling elite play the main role." If an incumbent regional leader is doing reasonably well, and if he has managed to get the local elite on

his
side, destroy his opponents, and has no conflict with Moscow - as a rule,
he
will be re-elected.

Oreshkin says that the federal government "didn't get involved in the
regional
elections over trifles"; but it's still well known that it does have "a
bridle on every regional leader": presidential envoys, the system of
federal
agencies in the regions, new laws. Within the ranks of state officials -
those who "have influence over business, thanks to the regime, and take
their
share from it" - there can be people with either right-wing or left-wing
political views; nevertheless, "these days the party of victors is as one."
Oreshkin considers that political parties "just aligned themselves with
whoever was winning" in the regional elections.

Oreshkin does not consider that the influx of military officers into
government is taking on alarming dimensions: "There is such a trend, but
it's
big enough to be worth getting alarmed about." (Out of the ten generals
running in the regional elections, only three have won so far.) The reason
for this move by the military officers is simple: "The military has only
just
realized that they lost out when property was being divided. They have
resources of force. And we're talking about healthy, aggressive, ambitious
guys in the prime of life. With military experience to boot. They don't
want
to feel like they've been left behind." Moreover, the president comes from
the same background; looking at the presidential envoys he has appointed,
it
seems he isn't averse to "moving his own people forward."

Writing in Novaya Gazeta, Andrei Piontkowsky describes Russia's political
circumstances as critical: "The three sources or components of Putinism -
Yeltsin's Family, the security services, and the St. Petersburg liberals -
have started their decisive battle."

The conflict could have easily been predicted; these temporary allies had
very different goals. They joined forces in autumn 1999 in the "Successor
Project". Yeltsin's Family was determined at all costs to prevent "a rival
clan coming to power, which would endanger not only the Family's assets,
but
the personal liberty of its members." The security services wanted to make
a
comeback. The liberals wanted "a strong hand which would finally get Russia
onto the path of market reforms."

Piontkowsky says it was just as easy to predict that the security services
would come out on top - if only thanks to their "solidarity and their focus
on
the goal". Besides, in the Yeltsin era they were practically unrepresented
in

government - hence they were untainted by all the privatization and corruption scandals. It's also worth keeping in mind that the security officers have "a huge database on this subject, and they control law-enforcement agencies who are capable of making use of this data."

As for Putin himself, Piontkowsky believes it is fairly difficult for him to play the role of "an arbiter, keeping the balance between all the competing factions around him" - because of Putin's lack of experience in politics and in power. Most likely, in this struggle between factions in his team, the president will remain "more of a passive observer."

"Of course, corruption is the major negative legacy of the Yeltsin regime; and Putin, if he wants Russia to recover, if he wants to stop the degradation of the state, needs to attack corruption with the same passion that Khrushchev attacked Stalin's repression," says sociologist Vladimir Shliapentokh, a former Russian citizen and now a professor at the University of Michigan. The public will be much more relaxed about criticism of the Yeltsin regime than it was about Khrushchev's revelations, Shliapentokh thinks: "One could even say that this would be in line with public expectations."

The main mystery of Putin's time in power is why he hasn't made use of "such an accessible resource for strengthening his power" in the first year of his presidency, at a time when his approval rating was high and the economy was relatively stable.

Overall, according to the US-based sociologist, Putin's regime can be considered to be unique for Russia. Almost all regimes in Russia over the past two centuries have been authoritarian. Of course, there was some difference between them: the ideology of some of them was based on liberalization of society; others supported strengthening authoritarianism. And the former group, the modernizers, have always supported reforms - if not revolutions - in order to cut the gap between Russia and the West.

Another group - judging by everything, Putin belongs to this group - was always ready to take harsh measures in order to reinforce order in Russia and preserve its territorial integrity.

However, all those leaders, at least at the beginning of their time in power, have denied the preceding regime "though to varying degrees of publicity and intensity". In these terms, Putin is an exception. The president not only started his term in office with an "ode in praise of Yeltsin", and then provided Yeltsin with "immunity from prosecution and unbelievable material benefits", but he still believes it is necessary to "visit Yeltsin,

especially before going abroad, and to listen to his admonitions".

It seems even more amazing that the new president has kept the whole Yeltsin team in the Kremlin (as Vladimir Shliapentokh notes, no Russian czar or Soviet leader ever dared to leave his predecessor's team in place). But Alexander Voloshin "easily moved from the old boss to the new one, and still remains the second most influential figure in Russian politics, after the president". Moreover, most of Putin's erstwhile political rivals have kept their positions in the Kremlin, as well as many tycoons who "received privileges from the previous government".

There are a number of explanations for the president's behavior. Some analysts insist that Putin has some moral obligations to Yeltsin, that he feels "grateful, which is very rare for a politician". Others believe that "the Family" still has some means of influence over the new leader, thus preventing him from taking any unexpected actions. In any case, the author of the article in Obshchaya Gazeta reflects, "if we go by common sense and previous experience", Putin is surely feeling the burden of his dependence, and sooner or later he will try to get rid of this control.

Besides, as has already been noted, the president does have some scope. Even if the Russian elite accepts that corruption in Russia is inevitable, and fighting it is senseless - the leader, who is usually more dynamic than the elite, may not agree with this; and then he will declare a war against "the Family", which together with its tycoons is a symbol of corruption in Russia.

Consequently, the article concludes, "the path of evolution of the current regime is perplexing. There are many alternatives, and all are possible."

Vladimir Bukovsky, a well-known Russian dissident who in the Brezhnev era was exchanged in the West for Chilean communist leader Louis Corvalan, also seems to be taking a far from academic interest in the issue of the "evolution of the regime" and Russia. In his interview with Izvestia, Bukovsky reveals the major reason why Russia has never recovered from communism: "The Communist ideology has disappeared, but the Soviet style remained." Both society and its leaders have failed to shed this style: "That is why Russia is going backwards. History is like a war - if you do not attack, you lose ground."

Bukovsky is very pessimistic about the future prospects of Russia: according to him, in the past century Russia has not simply broken up, "it has broken into fragments, flown apart in small pieces, like a broken mirror". Bukovsky thinks that in the next 30 years the "process of fragmentation" in Russia will continue; it is far from over. Besides, the course of events greatly depends on many factors: first of all, on world oil prices...

Bukovsky refuses to predict when Russia will start to make progress, if it ever starts at all: "They often say: Russia will not disappear, it is a whole civilization! I'm sorry, but there have been precedents in history when whole civilizations have disappeared. And the possibility that the Russian state will disappear by breaking into a number of sovereign principalities is rather high."

It might sound strange, but Vyacheslav Kostikov, Yeltsin's former press secretary, in some ways agrees with Bukovsky. Like Bukovsky, Kostikov believes that the fundamental issue has not been settled in Russia yet: the "question of the place of Communist ideology in contemporary Russia". In his article in the *Argumenty i Fakty* weekly, Kostikov says that the public "still doesn't understand what has happened with socialism in Russia - whether it has finally lost its historical battle with capitalism, or whether this has just been another temporary delay, another temporary and brief "thaw", with a new Andropov on the threshold".

Kostikov writes: "We need another 'Nuremberg trial of the Communists', otherwise doublethink will continue in Russia as a main reason for the lack of unity in society. The recent events concerning the state symbols can be cited as a graphic example of doublethink." Kostikov thinks that reform supporters should have demanded not small concessions from the president, but "making nationalist-communist ideas illegitimate". "As long as the nationalist-communists are allowed to present themselves as bearers of the national idea, we will not be able to stop the war with the past," and divisions in society will persist. "In order to stop this," insists Kostikov, "we need a policy on the past."

According to *Vlast* magazine, the direction Russia chooses in 2001 will define its political image for many years to come. The magazine considers various ways in which events might develop, depending on the state of the economy, i.e. on oil prices. If oil prices fall rapidly, the Kremlin will surely place the responsibility for the economic failure of its policies on the Cabinet ("it has failed to take advantage of the favorable circumstances of 2000, and to implement the necessary reforms"). In these terms, the Kremlin may give up on the liberal reforms and launch a policy of protectionism. Consequently, security agencies will finally play the leading role: the Federal Security Service will provide for the economic security of Russia; FAGLI, "which has long been independently predicting socio-economic development", will begin issuing specific recommendations; the Federal Tax Police Service will collect budget revenues. The Armed Forces and the Interior Ministry will be given

carte blanche in Chechnya. Obviously, Security Council Secretary Sergei Ivanov will coordinate the work of the security agencies. Vlast even admits there's a possibility that the Cabinet might be abolished entirely. Opposition would be possible only as a "semi-underground" organization. As a result, the magazine predicts, Russia might return to the Soviet system of government; but the communist ideology would be replaced with a patriotic ideology.

Given that so far President Putin has not completed any of his reforms (not counting the state symbols), any sudden actions in case of some unfavorable circumstances could lead to a decline in his approval rating; and then there would be many of his opponents who would like to get even with him. Vlast warns that among those opponents might be "regional leaders who have been turned into simple financial managers; and humiliated tycoons.. If they unite, they could be a fairly significant force."

Then Putin, even if he remains in power, will no longer be the idol of the voters - which means re-election will be impossible for him; while Russia would face the need to choose another path.

Certainly, quite a number of unfavorable factors would have to coincide in order for this scenario to happen. "However, we should not overestimate the power of the Kremlin. Boris Yeltsin was also considered an invincible politician once."

Meanwhile, Valery Khomyakov, head of the Applied and Regional Policy Agency, says in the Versty newspaper that no matter how the political situation changes in Russia, the right will gain strength, just because of the natural changover of generations: "The right-wing electorate is objectively increasing... as young people reach voting age." Khomyakov is convinced that in the next parliamentary election the right will get 30% of the vote. According to Khomyakov, even if there is another economic crisis, this will also "give the right some advantages". The main thing the right needs to do is "to explain to the public what it stands for."

It is no surprise that the leaders of the Union of Right Forces are not referring to their party as "democratic" these days; since this word now has a negative connotation for the majority of Russians: "Democracy is Russia is understood as licence, which leads to inevitable deterioration in the lives of ordinary people." The right needs to demonstrate that its ideology is constructive, and that it protects national interests and the people's right to a normal life.

According to Khomyakov, the right has already scored some wins: although it failed to register many convincing victories at the recent regional elections, it is still gaining more seats in regional legislatures: "And

these are the first steps to a further political ascent."

If the economy remains stable, "society will pay more and more attention to good-looking, self-confident, prosperous people. In fact, that is what the right is." Thus, it is obvious that the future sympathies of Russians directly depend on world oil prices. Khomyakov suggests that if the economic situation in Russia remains favorable, the leaders of the right should try to convince the public that this is the result of Herman Gref's economic program, the liberal free-market program. Will the voters believe this?

According to Mikhail Gorshkov, head of the Russian Independent Institute for Social and Ethnic Research (in an article published by Nezavisimaya Gazeta), after many years of distrusting the government - and total pessimism in the Russian public mood - in late 2000 there was a turning-point. For the first time in many years, the number of people who believe that the upcoming will be successful for them (51%) exceeded the number of people who are afraid that the year will be very difficult or bad for them (39%). There are two major reasons for the upswing in the public mood: high oil prices, which bring dollars into Russia - and the new president. (Two-thirds of Russian citizens still have a positive view of Putin's performance as president, across all categories of age, social status, or political preference. As usual, only the intelligentsia disagrees: supporters of the Yabloko movement are the most skeptical about both the domestic and foreign policy of President Putin).

According to pollsters, the government should try to find a way to take advantage of this apparent and rather unexpected boost in public optimism; or, in their terms, "to make rational use of this psychological and emotional resource".

However, as Gorshkov notes, "Russians have always been known for their optimism, even when there are insufficient grounds for it." Perhaps some disparity with reality is the notorious mysterious peculiarity of the Russian psyche, which enables us to survive the endless problems of our motherland?

(Translated by Elena Leonova and Arina Yevtikhova)

Glafira Portyankina

#2

Excerpt

TITLE: PRESS CONFERENCE WITH ALEXANDER KONOVALOV, STRATEGIC ASSESSMENTS INSTITUTE (SAI) PRESIDENT, AND SERGEI OZNOBISHCHEV, SAI DIRECTOR
[PRESS DEVELOPMENT INSTITUTE, 15:10, JANUARY 15, 2001]

Moderator: Thank you for joining us. Our topic is "Russia and the West: Partnership or Confrontation". And it gives me pleasure to introduce the two leaders of the Strategic Assessments Institute, Alexander Alexandrovich Konovalov, who is a Professor with the Moscow State Institute of International Relations and President of the Institute of Strategic Assessments and Sergei Konstantinovich Oznobishchev, director of the Institute of Strategic Assessments.

So, Alexander Alexandrovich Konovalov will be the first to speak.

Konovalov: Thank you for coming on such a bad day when the weather makes you feel murky in your soul, when it is dark and filthy in the streets.

I would just like to say a couple of words by way of an introduction on the problems that should be of concern to us. There has been a change of administrations in the United States. You have already heard the first rebuke from Bush. I don't quite understand why it came as such a surprise to us because he has in fact repeated verbatim what he said in the second television debate. You remember that two of the three rounds failed to provide any of the sides with a tangible lead, but the second round was won by Bush although the topic was foreign policy on which he was expected to lose on every count because he is not a specialist.

And on that occasion he said a very simple thing. He said exactly what he said in an interview with The New York Times. He said that America has been throwing money at the Russians to make them like us Americans. They have not become like us and the money settled in the pockets of Viktor Stepanovich Chernomyrdin. Viktor Stepanovich took offense and promises to sue him.

Moderator: Did he sue?

Konovalov: No, he didn't. But by taking offense he boosted the popularity of Bush Jr. The situation in the relations with the United States is very worrisome. There are no serious areas for cooperation except disposal of arms. And there is a very serious threat that -- you know that the only thing that really links us with the United States is the system of arms control, agreements on reductions and prospects for further agreements, all this is under threat.

And we find ourselves in a stalemate situation. Both sides have finally ratified START-2. Actually, two different treaties have been ratified which do not match each other and in order to put them into effect, it is necessary for the parliament of at least one country to harmonize its treaty with that of the other side. But many have suggested that one shouldn't waste effort on putting START-2 into effect because one of its provisions bans IBMs with multiple warheads. And under the new American administration we have little chance of surviving if we do not achieve a ban on that restriction and do not install at least 3 warheads on

Topol-Ms.

So, we should go straight into some kind of START-3 negotiations. But now that the US administration is talking seriously about a large-scale ABM -- just look, vice president Dick Cheney was Secretary of Defense, Colin Powell, the Secretary of State was Chairman of the Joint Chiefs of Staff. Perhaps, only Condoleezza Rice left a spark of hope when in her latest article in Foreign Affairs she wrote that a weak Russia was much more dangerous for America than a strong one. But I am not sure that one smart woman will be able to prevail upon such a large number of former defense secretaries and of those who --

Bush has come out with something that Americans understand very well, we should protect the citizens of our country and not the old treaties that have lost their relevance. That's what he said about ABM Treaty. And this is something the Americans understand. So, I categorically disagree with the way President Putin at the Brunei summit told President Clinton, as a kind of farewell remark, that "your presidency marked a breakthrough" in Russian-American relations and that it was important that the next president should pick up the relay.

In my view, it was not a breakthrough but a total failure. The Clinton presidency was one of the most destructive for Russian-American relations. That's one thing. And secondly, this is not the kind of relay that should be passed on. What is needed is a drastic change of approach.

But I repeat, America will not be central unless some abrupt moves are made to deploy a dense missile defense system. But that is a separate topic. So, in my view, central to Russian policy will be Europe especially if you consider that President Putin in one of his recent speeches described Russia as a "West European civilization". It is not about whether we are Asians or Eurasians or Europeans, but rather unexpectedly there are emerging pockets of common interests with Europe. We should not overestimate them, but we should certainly take advantage of them.

What are these common pockets? Most importantly, Europe has become aware of something very important, something that has not affected it deeply in earlier years. Economically, the European Union is quite comparable to the United States in terms of combined GDP. The EU countries even have a larger joint GDP than the United States. So, economically they are comparable values. But politically and militarily the European Union is a dwarf compared with the United States.

And for the first time -- it happened after Yugoslavia -- Europe has been faced with a dilemma: either resign to this position which has much to commend itself. Because when somebody takes care of your defense, that relieves you of a lot of headaches. But in that case you have to be prepared to go along with any stupidities that they think up across the ocean. Because it won't be your own foreign policy, but a common foreign policy, not your own military policy, but a common one. Or else, it should try to loosen the Transatlantic embrace.

There is one danger in store for us there. We shouldn't succumb to the temptation to drive a wedge between America and

Europe. What links them is far more solid and reliable than what divides them. But there are many things that divide them, or rather, things on which they differ. First of all, it is a system of anti-missile defense, for the Europeans. Then there is the creation of the European force which Americans frown upon. The Europeans want more independence in the military and political fields. And there Russia is an indispensable partner and it can play a unique role in Europe, given both sides have the wisdom and far-sightedness to understand use this.

Oriental matters are a totally separate theme. I believe Russian foreign policy will increasingly reflect internal interests. There will be small interest in what America is going to say about Russia's activities in the foreign policy arena. This is illustrated by the prepared transaction with Iran. It can be said the transaction with Iran has been restored, the transaction to sell arms. Our desire will be not to do something pleasant for the United States but to pursue our national interest as our leadership understands it. True, there are many risks because we may be thrown out of the International Space Station, it may be decided not to use our Proton missiles to deliver payloads. Of course the Americans have more possibilities to exert economic influence on us than vice versa. But these possibilities, really, are not so numerous. You see, many of the channels linking us were destroyed in recent times.

I expect us to behave more independently. It is necessary to skillfully unite those who object to America's roughshod policy. I must say that the planned national ABM system is directed not against us. For the time being it is simply technically that it will be safe for Russia. It is first of all an anti-Chinese system. And we should make use of this. If the Europeans cannot benefit from it, this is a violation of the NATO Charter which guarantees every ally equal security. If New York is protected and Paris is not, what sort of an equal security is this?

True, the Bush Administration is promising to provide cover to everybody, all the 50 states of the United States, all the allies, they say they have enough room for all under their umbrella. But that may be an impossible effort to offer protection from a not very clearly defined threat.

Of course, many things will change. A lot is being said about North Korea as a pretext. But five years from now North Korea may become a totally different country. Most likely, it will vanish. True, this may take longer than five years. There will be one Korea, with totally different aspirations. And there will be totally different assessments of the threat posed by it to the world. In other words, what the Americans describe as "rogue states" is not something that will exist forever. Political lever may turn out to be much more effective than military ones.

As you know, we are offering Europe to create a joint non-strategic ABM system. I repeat, we have room for maneuver. We must take into account this quasi multi-polarity although at present we are still living in a uni-polar world in which the

United States is kingpin.

But many other poles are growing. We are making an effort to promote this multi-polarity. In my opinion, we are not always thinking hard enough about this. When Igor Ivanov says that there is no alternative at all to multi-polarity we should remember the following, I believe. All these new and growing poles, where are they appearing? They are appearing along Russia's borders. I mean Southeast Asia, the Islamic world in the southwest, Europe with its growing potential. For the first time in its history, I believe, Russia is developing at a slower pace than the countries along its periphery. If these poles grow in strength and political power, then in accordance with the laws of physics and political logic Russia is going to be torn apart by these poles. Unless Russia itself becomes a pole.

For this reason our domestic development is very important. At present we definitely have two foreign policies. One pursued by the military and the other by the Foreign Ministry. But now there are two policies even inside the military establishment. Remember the November meeting of the Security Council? It resolved to draw up by December a plan of Russia's military development by the year 2005. No such plan has yet been submitted. And I do not expect it to be drawn up at least by March. You see, the plan submitted by the General Staff and signed by Kvashnin has not been initialed by the Defense Minister. And the plan submitted by the Defense Ministry and signed by Sergeyev has not been initialed by Kvashnin.

And the Security Council is not intervening because it is having doubts of its deliberations in November. For this reason, a lot will depend on our internal stability. If we are going to have three policies inside the country we are not going to accomplish anything worthwhile in the foreign policy arena.

I would like to stop here.

Moderator: Sergei Konstantinovich Oznobishchev.

Oznobishchev: Thank you very much. Our foreign policy is on the eve of serious explanatory work. It will be necessary to explain simple truths to the United States. They are so simple that it will be rather boring to explain them. Strange though it may seem, it is a feature of bureaucracy... even when a decent person with rather objective views finds himself in the company of top bureaucrats he sincerely embraces the views of these bureaucrats.

I can give you the following example. Strobe Talbott, a remarkable expert on the Soviet Union and Russia... I had the last opportunity to speak with him last year. He was still holding his rather high post then. He was earnestly telling me that all crises in relations between the United States and Russia had been resolved... at the time there were some problems with banks, with identifying money launderers and so on, few people remember this now. He said, we will sort this out and we are going to have an excellent partnership and cooperation, we will be able to treat each other rationally. What about the deployment of the national ABM system, I asked. We will resolve that, he said, but the devil, as you know, is in the details. And he is by far not unique in this respect. He is just one of those remarkable people we have known well, we have debated with while showing respect for each other's

positions. These people had a background of science or journalism, or were just beginning their diplomatic careers. But now they have changed.

But on leaving their posts, I think they will become reasonable interlocutors again. I am saying this because I fear very much for those people who have joined government service now. For instance, Condoleezza Rice. She is still quite a young woman and this might go to her head. I feel very concerned for Ramsfeld. We have known him for a long time already. Incidentally, his appointment was quite a surprise to all of us. And even to Americans. But this only shows how strong are the sentiments among the people surrounding the President, once again the group whose professional and other interests are linked to the deployment of a national missile defense. Because the group of mainly young and ambitious and little-known politicians is headed by Ramsfeld. He made a report on the need to deploy the national missile defense and it was this report that put the issue into great prominence in American policy.

Now I am afraid it will become a matter of principle and we will have to come to terms with the Americans. Whether we succeed will depend on us and on the Americans. But there is no need to panic because exchanging opinions just before this meeting together we came to an interim conclusion -- and it has already been suggested in our press -- that in many ways the new president is similar to President Reagan. He is about as well (or ill) informed -- you know what I mean -- and exposed to influence by different groups and such a person is susceptible to ideas similar to those that were sold to Reagan, namely, that national security can be substantially strengthened by military-technical means and the territory can be made secure against nuclear strikes if not all types of strikes.

Such ideas are being aired, and, I don't know if you have noticed it, among our actors -- I was reminded of it because Reagan was an actor -- and our actors, too, latch on to new ideas with great enthusiasm and these ideas gain currency in their midst. I remember my own childhood which passed in an artistic milieu. Actors came and said, did you hear? Moscow is now fully protected, it is absolutely invulnerable to an American strike. That was in the 1960s. I remember those conversations.

And some time later the same ideas were imposed on Reagan and they fell on fertile soil, he embraced them with enthusiasm. But I am sidetracking.

Now the West has played a bad joke on us, if indeed it can be called a joke. It has played a highly negative impact in the 1990s on the shaping of Russian foreign policy. This was so because the Western leaders are incapable of forming a rational and concerted policy with regard to Russia. This in spite of the fact that we absolutely open to any positive influence and we are absolutely committed to the path of democracy, perhaps, excessively ready, as Kozyrev was, to blindly follow the Western line when he said that Russia did not have its own national interests.

And this led to the process of NATO expansion to the East which began and continued by inertia, in spite of our objections and moves. As a result, every opportunity was used to sideline

Russia in the making of decisions, as was the case with Kosovo when the international legal basis for our interaction was destroyed. There are certain things that should be held sacred and should not be violated. On the occasion, they were violated because after World War II the great powers reached agreements that are enshrined in the UN Charter. But even those covenants were shamelessly violated proceeding from such a light-hearted consideration. You understand that Russia would never have allowed the Security Council to pass such a resolution. And it was under this light-hearted pretext that NATO launched its aggression.

As a result, the national security priorities in our documents were shifted. And you understand that now very many experts again perceive Western countries, notably the US as a potential enemy in the world. This is part of the explanation why we reject and do not believe in the goals proclaimed in connection with the deployment of a national missile defense in the US because our experts -- and there are some objective reasons for that -- but there are also some political and diplomatic means of inspiring trust on each other. These political and diplomatic means absolutely do not work. In other words, we do not trust each other without proper material guarantees. This is lamentable.

One can see signs in Russia today of a symptom or several syndromes. One of the symptoms is that the different components of our foreign policy are not balanced off. If we seriously extend a hand of friendship with which we have consciously refused to have dialogue. I mean certain foreign policy goals, then we should know which way we are heading. We cannot painlessly cooperate with Iran without serious undermining our relations with the United States.

We have to chose. Either we should have comparatively cool relations and interact with the United States on a rational level. We simply have to choose what is more important to us, the several billion that we will get from the sale of arms or cooperation in the field of high technology we can well count on or the prospect of easier access to loans without which we cannot run our budget. It is another question whether this is right or not right. But we should be quite open-minded about it.

In the meantime we are sounding out the situation and this imbalance is one of the facts on the ground -- we have not yet made up our minds about our priorities. Whether we should be equally committed to cooperation with the West and with the East. But I don't think this is possible. But having said that, I understand that we have our own idea of the priorities, but there is still no consensus on what these priorities should be. We haven't decided among ourselves against whom or against what we should all unite and which way we should direct our efforts in building our security and what efforts should be made.

Perhaps, the way out should be not to identify potential enemies, even in secret, among ourselves while nobody is watching and listening. And you know how well or badly we can keep secrets. We can't keep them as well as in the old days. And we should decide, as the Americans have done, how many conflicts we can afford to effectively pursue given a certain amount of funding and whether we can be engaged in one, two or one and a half conflicts.

We should not turn a blind eye to the existence of a certain

syndrome, I mean the existence of a certain lack of balance between our foreign policy aims, our perception of ourselves in the international arena and our domestic policy. It is an open secret, for instance, that the MOST case, regardless of how one treats it, is dealing us substantial foreign policy damage. Are you following me? No matter how often we say that this is a purely financial matter, that the oligarchs should resolve their financial contradictions, it still has the appearance of a political case.

And we will not succeed in bringing it back within the framework of a purely financial conflict. Not to mention some other moments in our domestic policy. You know about them and you know the foreign policy damage that they cause us.

This syndrome of the unbalanced foreign policy, foreign economic policy is a legacy of the Yeltsin regime. We must resolutely put an end to this. It happens quite often that whereas our economists and our economic interests point to one direction our foreign policy gallops in a totally different direction.

There are instances when these two directions simply undermine one another. One of the latest examples are our statements concerning the Paris Club. The main argument, and I say it is a totally absurd argument, is that we cannot pay our debts because these payments are not provided for by our budget. As if the budget was drawn up by some totally different people who appeared out of nowhere and then vanished. And this language. They do not say "we did not provide for", they are saying "it has not been provided for in the budget".

So we keep borrowing, reflecting this in the budget and then making corrections all the time because it is difficult to repay debts. We have excellent knowledge of this. In the talks with the creditors we cannot say "I will not repay the debt". That will be a totally different discussion. But this is what we are really saying today. I think this is a reflection of the psychology of bureaucrats who live only in the present. All our debts, and some of them have vanished, moreover, vanished in such an unknown direction that we are never going to discover them, were made by people who were time-servers. Their sole concern was to present their policy, their economic policy, their team in a good light. They did not think about the future of Russia, about our children who will have to repay these debts.

I think that it is absolutely irresponsible not to pay back a paltry 3.5 billion when a year later we will have to repay, or not repay, some 12-13 billion. This is not a policy worth mentioning. This is a policy of an ostrich. This policy undermines our best foreign policy efforts. In his widely circulated interview Bush has already said that it is up to Russia to see to it that it gets an influx of investments.

By our actions we have made sure that nobody is going to rush to us with their money. Today and probably tomorrow. We may correct the situation after the passage of some time. But this will mean correcting something that was absolutely avoidable.

In conclusion of my brief statement I say that we must formulate what we want in this world, we must say with whom we want to be friends, with whom we want to have relations as it is said in our national security concept, we must understand why exactly we

want to have such relations and what is the priority of our development. By just getting petrodollars and saying that we have a growth of 7.2 percent... This is not going to give us much joy. We must have a clear idea of what to do with this growth and this money so that tomorrow Russia could regain the status if not as great a power as the United States then at least a status equal to that of respected European countries, which are in good economic shape and are actively participating in the process of integration. I regret to say that Russia is not yet a participant in this process. Thank you.

Moderator: Thank you, Sergei Konstantinovich. We will take questions now.

Q: Express Khronika. Alexander Alexandrovich, you said very correctly that there are no partnership relations between the United States and Russia. Don't you think that this happened through the fault of the Russian leadership which displayed its absolutely unwarranted hostile attitude to America on every possible occasion? Second. You mentioned the expansion of NATO as another cause of deteriorating relations. Don't you think that this was a myopic and foolish policy from the start? What would be the attitude of Czechs, Poles or Hungarians to Russia if they were not admitted into NATO because of a stand taken by Russia?

Konovalov: Concerning the absence of partnership relations between the United States and Russia. I agree with you that there are no such relations today and, alas, there hardly will be such relations in the near future. All this talk about partnership turned out to be just political slogans. There was nothing to promote this partnership with. Who is to be blamed for this? I divide this responsibility into two unequal parts. The greater part of the blame rests with the United States. Because more can be demanded of a strong and rich party, one that has more possibilities.

On the other hand, there is the Russian saying that the big and the rich are never at fault. I see in American foreign policy something that I call "the syndrome of the lonely giant". In the past everything was clear: there was a balance and the United States when it made some foreign policy move would first think about the Soviet Union's reaction to it. Will it understand the move correctly, will this not cause a hyper reaction that will cost America more? That mechanism was based on fear. There existed the International Department of the Central Committee, the Military Department of the Central Committee, the Foreign Ministry, GRU, there was a coordination of what state bodies did. On the American side there were more than 125 analytical centers alone that engaged professionally in Soviet studies. We kept a close eye on each other. We were very close and we understood each other's motivations: they are doing this for the following reason, and we are doing that for the following reason. And everything was clear. For instance, that if tanks are sent to Prague we will not be on speaking terms for two weeks. But that if tanks are sent to Paris that will mean crossing the line and there will be a

no-holds-barred response.

Rules of the game existed, although they did not exist on paper. Now there are no rules of the game, moreover, attempts are being made to change them all the time. And this is being done already by the American leadership. We were taught for decades that we have reached such a level of civilized development that use of force in the international arena can be based only on international law and authorized only by international institutions based on international law. Use of force in the international arena was totally out of the question without authorization by the Security Council.

But now on one fine day we were told: "You know, now it will be different, now we will base everything on American moral criteria". Where are these criteria written down? A moral criterion for me is a criterion that applies equally to all similar situations. But why one moral criterion is applied to Yugoslavia and another to Kosovo? CNN viewers are shocked by the sight of an Albanian child nauseated by substandard food. But why don't they look at Rwanda or Somalia? There are many places, really, where one can hone one's moral principles.

We were totally ignored in the matter of NATO expansion. I do not agree that it was a foolish policy to prevent the Czechs from joining. We had a different aim, we tried to get an answer to a simple question: on what is the European system of security going to be based? Yalta collapsed. But Yalta, the Yalta-Potsdam system sustained the world. I am not trying to promote that system. Under that system, Stalin was allowed to do as he pleased in Eastern Europe in return for calm and prosperity of Western Europe. Let us not give assessments of the Yalta-Potsdam system, but it has maintained peace for decades in Europe.

Now it has collapsed. I have no regrets about it. It had to collapse. But what will replace it? I am told, a gradual, open and steady enlargement of NATO. And I reply: Gentlemen, either you are incompetent or you are lying. NATO's capacity to absorb and to expand is very limited. So, NATO has to stop somewhere. Can you tell me where you want it to stop? And what will happen to the rest of Europe? At present there are 19 members of NATO. You can admit three more, or five more. But you can't admit ten because you will grind to a halt. The organization will become even less effect than the OSCE because it has a much more developed infrastructure, it should be managed, it should be effective. So, where are you going to stop? Near Smolensk or near Kiev? And what will happen to the rest of Europe?

Europe today is more than 53, I think, 54 officially recognized countries. And what about accessibility of security for all the others? Where is the necessary pillar that collapsed together with the Yalta-Potsdam system, NATO-Russia? I would understand it if you had started with it.

So, I do not want to absolve of responsibility our leaders, the selfish and greedy Russian bureaucracy that has no use for national interests -- this is a nightmare and a curse of our country. Now, in what way are we dramatically different from the United States? The Americans came to their country as settlers, but the first thing they did was to slaughter the Indians.

This is not an example to be emulated, but it made things easier to handle politically. And then of course they could take care of themselves because they were not the most cowardly of people who crossed the Atlantic. And after a while they came to the conclusion that it was not good when everybody was shooting at everybody else, that it was better to agree on rules and choose a sheriff who would enforce these rules.

That provided some space for bureaucracy. Bureaucracy was minimal and it only arose where there was a need for it. At present, of course, the need is great. There are I think 60,000 lawyers in Washington at present. So, a bureaucracy has grown up. But still it bears no comparison to ours. At present the Russian bureaucracy is twice as large as the Soviet bureaucracy. And the most lucrative job is to be in a position where you can forbid or allow something.

One of the revolutions that we need badly, and I am always afraid of using the word "revolution", but let us say, one of the areas where colossal changes are needed -- why did Putin get such support? People saw him as a man who could deliver them from the arbitrary rule of the bureaucrat and the sway of criminals. People have no sense of being personally protected or secure. And of course under such conditions our leadership and our internal situation -- our policy -- is not conducive to a partnership with the United States. But America bears much more of the blame.

I would put it this way. There was the year 1947 and there was the year 1919. There were two attitudes to the defeated Germany. In 1919 Germany was punished, disarmed, defeated and left alone. How long did it take? From 1919 to 1933, 14 years before Germany retaliated with Hitler. And in 1945 the world had enough wisdom in order to draw the defeated enemy back into the family of democratic states realizing that it may not have the strength to do so by itself.

After the end of the Cold War, drawing Russia into the family of democratic states was far more of a priority and far more important for the security of the world and Europe than drawing in Germany. Unfortunately, the leaders did not show enough wisdom to become aware of it and to implement it....

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