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Russian Federation: Executive Branch

By Susan Cavan

Cult of Putinality?
The "youth for Putin" crowd is back, and this time their numbers are swelling thanks to the costly inducements of free pagers, movie passes, Internet access, and t-shirts bearing a large, smiling picture of President Putin. (AGENCE FRANCE-PRESSE, 0730 PDT, 8 May 01, and 0520 PDT, 13 May 01; via ClariNet) On 7 May, the anniversary of Putin's inauguration as president, a crowd of up to 10,000 gathered and marched to Red Square to listen to lively paeans to Putin and his accomplishments as president. The marchers, who carried signs sporting slogans like "Youth all-star team of Russia, head coach Putin V.V.," also received cash incentives of 500 rubles and the offer of a Crimean holiday for the most successful recruiters of new members from the organizers of the demonstration.

The laudatory tone of the event prompted a YABLOKO party deputy to comment that a "similar demonstration could have taken place in Pyongyang in support of North Korean leader Kim Jong-Il." (AFP, 13 May 01)

An apparently new organization called "Moving Together" sponsored the event and handed out the goodies as inducements to those who would sign up as new members (who, in turn, are required to pledge to renounce alcohol and respect one’s elders). It is unclear at this point exactly who is funding Moving Together, but its tone is decidedly pro-Kremlin and obviously pro-Putin. The "youth for Putin" marchers have turned up at other events, but this is the first time the organizers, and their recruitment drive, have been so prominent.
Other hints at the developing cult of personality surrounding Putin include a new exhibition of portraits of the president, new books for children celebrating Putin's "humble beginnings," and an increasing media-driven drumbeat of national resurgence sparked by Putin's presidency, which, of course, highlights the level of state control over the media.

Pavlovsky on Putin
Gleb Pavlovsky, head of the Effective Policy Fund and a Kremlin adviser to the president, displayed his own take on the president's accomplishments in an interview with Interfax News Agency. (7 May 01; via lexis-nexis) Putin, according to Pavlovsky, has succeeded in ending the "continual revolutionary shocks" to Russia's political system and has achieved political stability. He also claims that Putin halted the "oligarchic control" of the media, which he describes as "outwardly democratic, but [with] a rather serious totalitarian filling." It's an apt description of many things in Russia.

Pavlovsky also credits Putin with reorienting Russia's foreign policy to focus on Europe, working to change attitudes towards private property, and initiating thorough judicial reform.

Putin on Putin
At a meeting on Saturday with his representatives in the seven "super-regions" he created last year, President Putin declared victory, claiming that the super-region system and the representatives he dispatched "have halted the process of disintegration and increased the effectiveness of the central authority." (AGENCE FRANCE-PRESSE, 12 May 01; via lexis-nexis) That, of course, was one of the key aims of his administration, which he articulated frequently over the course of the past year. (It is unclear to what extent that goal actually is being reached.) Putin also praised the representatives for their "constructive collaboration" with the regional governors, but urged them to "work more actively, more surely and more resolutely." In addition to the representatives, the prime minister, defense
and interior ministers, FSB chief and head of the Kremlin administration also attended the meeting.

**Kompromat war returns?**
Aleksandr Korzhakov, once the Kremlin's chief enforcer, has resurfaced in the latest battle of secret tapes in the Kremlin, and this time Aleksandr Voloshin is the intended target. Korzhakov claims that an anonymous man dropped off two CDs containing taped phone conversations from the office of the chief of the Kremlin administration. While the Kremlin has declined to comment on their authenticity, pending an investigation, they are widely believed to be genuine. (MOSCOW TIMES, 17 May 01; via lexis-nexis)

There is apparently little incriminating criminal activity recorded on the tapes, but they are interesting for the fawning tone and discussion of the administration's future plans. The tapes cover approximately one week from the end of February through early March and focus mostly on Voloshin's impending birthday. Numerous officials call in to inquire as to the proper way of congratulating him and there is much discussion of the elaborate gifts he receives and his secretaries' difficulty in dealing with the volume of flowers. Also, as The Daily Telegraph reported (10 May 01; via lexis-nexis), Voloshin's secretaries have an interesting way of referring to the president, whom they call "the great leader" and "the beloved one." Just sends shivers, doesn't it?

In a conversation with an Izvestiya editor, Voloshin reveals the administration's plan to disband the Duma, "if not now then in the fall for sure." (MOSCOW TIMES, 17 May; via lexis-nexis) While Voloshin provides little by way of justification for this action, it appears to be an attempt to assert the administration's supremacy in Russian political life.

Sergei Markov, currently foreign editor of Gleb Pavlovsky's pro-Kremlin Strana.ru publication, claims that the tapes seem genuine and signal that the security
services clique within the Kremlin is aiming to have the powerful apparat chief, and holdover from the Yel'tsin years, removed from office. Highlighting Voloshin's perhaps divided loyalties, Yel'tsin's daughter, Tatiana Dyachenko, is also featured prominently on the recordings; she reveals, among other things, that her father's illness earlier this year was more serious than was reported.

**Kursk funds guaranteed**
Deputy Prime Minister Ilya Klebanov has announced that the Russian Government guarantees that it will pay the full cost of raising the Kursk submarine from the Barents Sea. (AGENCE FRANCE-PRESSE, 0920 PDT, 11 May 01; via ClariNet) The Kursk, which sank in a training exercise last August, is set to be lifted out of the sea late this summer. Klebanov was apparently responding to concerns that the Kursk Foundation, an organization established last year to raise funds for the operation, might not reach its goal of $80 million.

**Russian Federation: Domestic Issues and Legislative Branch**
By Luba Schwartzman

**SECURITY SERVICES**
The usual suspects...
High-visibility trials are continuing in Russia. The charge against a Krasnoyarsk scientist, Valentin Danilov, has been raised from "espionage" to "high treason through passing classified information to a foreign country." He is also accused of fraudulent use of funds received for this information. (ITAR-TASS, 0536 GMT, 29 Apr 01; FBIS-SOV-2001-0429, via World News Connection)

John Edward Tobin's appeal is scheduled for 25 May. If the conviction is confirmed, the American would begin serving his sentence six days later. It is
rumored that his mother, Alyce Van Etten, tried to convince her son to petition the Russian president for a pardon, but Tobin's lawyers oppose such a move at this stage, and hope to prove his innocence. (INTERFAX, 18 May 01; via lexis-nexis)

An Irkutsk court sentenced an unnamed Chinese citizen to 10 years in prison for espionage. Allegedly the accused had been using his position in a commercial firm as a cover to obtain information about Russian defense systems for China. (AGENCE FRANCE-PRESSE, 21 May 01; via lexis-nexis)

The head of the North Ossetia FSB department, Vladimir Bezugli, has accused 40 international humanitarian organizations operating in the North Caucasus of harboring CIA operatives in their ranks. (AGENCE FRANCE-PRESSE, 19 May 01; via lexis-nexis)

Finally, the trial of Colonel Yuri Budanov, accused of murdering an 18-year-old Chechen girl, continues. A number of new witnesses testified, including Igor Grigoriev, formerly commander of an armored personnel carrier and a subordinate of Col. Budanov. Grigoriev testified that he and another officer accompanied Budanov when the young woman was arrested in her home, that Budanov threatened them, saying that "If someone finds out what happened here I have enough bullets for all of you," and that he ordered the subordinate officers to bury the Chechen girl's body. (ITAR-TASS, 1157 GMT, 10 May 01; FBIS-SOV-2001-0510, via World News Connection)

April attacks bring May malice?
A Rossiyskaya gazeta article asserts that "the spring escalation of the [Chechen] gunmen's activities is being matched by equally vigorous actions on the part of the federal troops in Chechnya." It supports this statement by referring to Colonel General Valery Baranov's report that, over the last 45 days, 652 firearms, 602 grenade launchers, and tons of explosives were confiscated, and 130 Chechen
"bandits" were killed (including three representatives of a well-known Muslim brotherhood group in the past few days alone). It alludes also to the 5 May action-coordination meeting in Yessentuki (Stavropol Territory) of Federal Security Service (FSB) Chief Nikolai Patrushev, Russian Interior Minister Boris Gryzlov, Presidential Envoy to the Southern Federal District Viktor Kazantsev, Health Minister Yuri Shevchenko, Stavropol Territory Governor Aleksandr Chernogorov and other local leaders. (ROSSIYSKAYA GAZETA, 16 May 01; FBIS-SOV-2001-0516, and ITAR-TASS, 0711 GMT, 5 May 01; FBIS-SOV-2001-0505, via World News Connection)

Various officials loyal to Moscow also have made optimistic statements. FSB Director Patrushev told the press that the situation in Chechnya is stable, that the actions of the secret services are "rather successful," and that "the current state of affairs in Chechnya makes it possible to neutralize the rebel leaders without large losses." (ITAR-TASS, 1441 GMT, 27 Apr 01; FBIS-SOV-2001-0427, via World News Connection) Colonel Ali Muguev, deputy chief of the Chechnya office of the interior ministry, declared that "the gunmen are incapable of offering open resistance to the federal troops. They have no resources for staging major combat operations." (ITAR-TASS, 0732 GMT, 15 May 01; FBIS-SOV-2001-0515, via World News Connection)

Yet there are significant discrepancies between the numbers of victims reported by the Russian military chiefs and by Chechen separatist sources. During the latest major operation in Argun, the Russians claim, only two federal troops were killed and one wounded, while the Chechens say that fatalities included "dozens of Russian soldiers and four Chechen fighters."

In addition, a controversial statement made by Grozny Mayor Bislan Gantamirov does not attest to a favorable situation for the federal troops. He ordered his subordinates to kill, on the spot, all rebels who gave the slightest indication of resistance, or were suspected of having killed Russians. A quick response came
from the newly appointed interior minister, Boris Gryzlov, who condemned Gantamirov's order, and from the justice ministry, which declared that the Russian state's war on terrorism will be waged "in strict compliance with the law and the principle of inevitability of punishment." Gantamirov was summoned to Moscow to answer for his extremist statement. (IZVESTIYA, 8 May 01; via lexis-nexis, and ITAR-TASS, 1657 GMT, 7 May 01; FBIS-SOV-2001-0507, via World News Connection)

Such abuse of power and arbitrary arrests have brought about denunciations and protests. On 2 May, several hundred persons, including many women and older individuals, rallied in Alkan-Kala, southwest of Grozny, to demand the release of 36 young men and an end to the "genocide." On 13 May, at least 100 persons, mostly women, demonstrated in Grozny itself. These actions come despite the ban on demonstrations and public gatherings. (AFP, 2 May 01; via lexis-nexis, and INTERFAX, 0930 GMT, 13 May 01; FBIS-SOV-2001-0513, via World News Connection) Russian Foreign Minister Igor Ivanov responded to accusations by saying that "the responsibility for all these barbarous actions is borne by terrorists' leaders and their patrons abroad." (ITAR-TASS, 1342 GMT, 17 May 01; FBIS-SOV-2001-0517, via World News Connection) The Russians are trying also to improve their image by promising to send 28,000 Chechen children to recreation camps and sanatoria in the North Caucasus during the summer vacation. (RIA, 1241 GMT, 15 May 01; FBIS-SOV-2001-0515, via World News Connection)

REGIONS

Putin and his peons

The one-year anniversary of Putin's term in office has passed, and the accompanying evaluations of achievements now are focused on the first year in office of the presidential envoys. On Saturday, 12 May, Putin summoned his seven satraps to his Kremlin office to sum up their work. His words were kind. "The presidential envoys' activities have brought the central authorities closer to
the regions and that is an important result," he said. The Russian president also mentioned that the regional leaders had acquired "a systematic and steady channel of communication with the country's leadership." The main task that lies ahead, according to Putin, is raising the living standard of the population. "If these parameters grow, it will mean that we have achieved the result of pursuing our common goals. If not, then all the work doesn't make sense and is futile." (UNITED PRESS INTERNATIONAL, 12 May 01; via lexis-nexis) He also called on his envoys to continue working to bring regional laws in line with federal laws, but not to "go beyond the line where obvious prerogatives of regional leaders are in place." (INTERFAX, 12 May 01; via lexis-nexis)

Not everyone is totally optimistic about these plenipotentiaries. The newspaper Izvestiya notes that "not many people have confidence in the presidential envoys, but even fewer distrust them -- the public simply doesn't know them." Vremya novosti criticizes the plenipotentiaries for being too contentious -- fighting the regional leaders "on legislation issues, but also on politics in general," working against governors (in Primoriye and in Kursk), as well as fighting the presidential administration and the economic bloc of the Cabinet. (WHAT THE PAPERS SAY, 16 May 01; via lexis-nexis)

Finally, some regional leaders, for example President Ruslan Aushev of Ingushetia and Governor Mikhail Prusak of Novgorod, have determined that no tangible good has come of the seven-envoy institution, which they say creates a barrier, rather than a channel, as the bureaucracy grows out of proportion. (STRANA.RU, 13 May 01; via Johnson's Russia List)

**FEDERAL ASSEMBLY**

Easy come, easy go

The bitterness of the governors should not come as a surprise, since they see these direct lines to the Kremlin as limiting their power. In another move to undercut the governors, Russian State Duma decided to cut the number of
Russian regions where the heads of executive power bodies can be re-elected for a third term from 69 to 9. This constitutes an amendment to the law passed in February of this year which gave presidents of certain republics the right to be re-elected three and, in some cases, even four more times. (INTERFAX, 17 May 01; via lexis-nexis)

Russian Federation: Media
By Maria Metcalf

Further government action spurs little reaction
During May, it was Novaya gazeta and Ekho Moskvy's turn to face harassment. While the struggle for NTV went on, the average Russian was far too concerned with issues of everyday survival to care about the demise of independent media. Despite the protest marches (which were organized by NTV), the public barely flinched when the media coup finally did occur. Not surprisingly, there has been almost no popular reaction to further official actions against independent print and electronic media.

The rest is downhill
When, on 4 May, a Moscow court decided to award Gusinsky's 19-percent stake in NTV to Gazprom, it also gave Gazprom 25-percent-plus-one share in 23 other Media-MOST companies, including the Seven Days Publishing House, which produced the daily newspaper Segodnya and the weekly political magazine Itogi. Both Segodnya and Itogi subsequently were shut down. Another Media-MOST company that ended up with Gazprom as a majority shareholder was Radio Ekho Moskvy. All evidence seems to indicate that Ekho Moskvy, Russia's largest privately owned radio station, will share the fate of Segodnya and Itogi.

On 10 May, investigators from the prosecutor general's office searched the radio station's offices, claiming that the action was related to the investigation of the
former first deputy general director of Aeroflot, Nikolai Glushkov. (Last December, Glushkov was arrested for fraud, in connection with cases involving several Swiss companies suspected of embezzling funds from the Russian state airline.) The next day, Olga Bychkova, an Ekho Moskvy host, was summoned for questioning regarding her interview with Glushkov's lawyer. (Jamestown Foundation MONITOR, 11 May 01)

There is some room for doubting the official explanation for the most recent search. Monitor cites Yury Fedutinov, Radio Ekho Moskvy's general director, as having been told that the station would be required to provide documents pertaining to the ongoing fraud investigation of Vladimir Gusinsky. When the first raid on Media-MOST offices was carried out a year ago, there were conflicting stories concerning the motive. In the beginning the prosecutor general's office claimed that the raids were due to suspicions that Media-MOST's security service was eavesdropping on personnel. When the raids continued, the prosecutor's office claimed that they were connected to a three-year-old criminal case against Gusinsky for allegedly embezzling state funds. Only subsequently did the authorities claim the raids were related to an investigation of Gusinsky on the charge of fraudulently taking a multimillion-dollar loan from Gazprom. (Jamestown Foundation MONITOR, 11 May 01)

Meanwhile, the journalists at Ekho Moskvy are trying to negotiate with Gazprom to buy back the 25-percent share lost to the state-owned company through the 4 May court decision. The journalists currently hold a 33-percent stake in the station, and the additional 25-percent would allow them to maintain its independence. However, very recent history indicates that the odds do not favor the journalists.

Nor are the electronic outlets the only victims of state attacks on media independence. Late last month the main military prosecutor's office searched the apartment of Valery Shiryaev, deputy general director of the biweekly newspaper
Novaya gazeta. (See THE NIS OBSERVED, 2 May 01) With 80 percent of newspapers controlled by the Russian state, and 90 percent of all TV, radio stations and printing houses under state supervision, Novaya gazeta is one of the very few remaining independent sources for reliable news. In the last 24 months, the largely employee-owned newspaper has experienced seven major tax inspections and 40 trials with staggering legal fees from libel suits and other accusations. (AMERICAN JOURNALISM REVIEW, May 01; via Johnson's Russia List)

The battle over NTV has demonstrated the Putin government's negative approach to the crucial role that a free press plays in an open and democratic society. Ironically, this has left an oligarch, Vladimir Gusinsky, as the symbol for freedom of the press. It is impossible to ignore the ways in which the authorities are assaulting media independence in Russia. Unlike NTV, both the newspaper and radio station currently under attack have strong reputations worldwide for rising above reportage of the manipulative statements of politicians and oligarchs. Ekho Moskvy spent four years building its reputation, before joining Media MOST in 1994 when the ruble depreciated; its editorial style remained unchanged under Gusinsky. There is good reason to expect that Radio Ekho Moskvy and Novaya gazeta will fall under the thumb of the state. The NTV takeover could be viewed by some as ironic, but with the most recent turn of events on the Russian media front, the situation now is simply tragic.

Russian Federation: Armed Forces

By Richard Miller

Despite rhetoric, military continues to deteriorate
"The Russian soldiers of the new, 21st century continue to maintain the heroic traditions of the World War II front-line fighters by perfecting unceasingly the[ir] combat readiness and military skills, by accomplishing with honor the combat
tasks set for them and persistently consolidating Russia's military security," Russian Defense Minister Sergei Ivanov stated in his message commemorating the Great Patriotic War Victory Day celebrations. In reality, Russia’s military apparatus continues to decay while the idea of military reform, albeit widely discussed, does not flourish. Just in the last three weeks, several statements and events have highlighted the continuing decline:

* The bleeding of Russian forces continues in Chechnya. Figures released on 16 May admitted that the defense and interior ministries have lost a substantial number of forces since 1 October 1999 alone -- (at least) 3,096 killed and 9,187 wounded. (INTERFAX, 1537 GMT, 16 May 01; FBIS-SOV-2001-0516, via World News Connection) These are added to the thousands killed, wounded or missing in previous warfare there. And while Russian public opinion of the country's military institution still remains high, 72% of respondents in a recent poll said that the conflict in Chechnya bothered them. (INTERFAX, 1314 GMT, 4 May 01; FBIS-SOV-2001-0504, via World News Connection) History has shown that, even in authoritarian regimes, drawn-out and costly conflicts which lose popular support cannot be sustained (the Soviet experience in Afghanistan is a telling case). While not only risking the loss of public confidence, the war in Chechnya is draining precious resources away from the needs of the general forces and of successful military reform.

* In the war of words over readiness, Russian Navy leadership in past months has expressed its concerns about material and funding problems, while calling for a boost in its share of the defense budget from roughly 12% to 25% per year. Now, the Air Force and Ground Forces commanders are staking out similar positions. General Anatoly Kornukov of the Air Force stated at a conference on Russian aviation that 100% of all Air Force helicopter and planes need modernization because they suffer from technical maintenance problems and capability shortfalls. (RIA, 1327 GMT, 16 May 01; FBIS-SOV-2001-0516, via World News Connection) Additionally, he explained that only half of the aircraft
inventory is being flown at all and that flight time for pilot training is "catastrophically insufficient" due to a fuel shortages; moreover, "... no possibility of increasing the flight time" was envisaged. (INTERFAX, 1237 GMT, 15 May 01; FBIS-SOV-2001-0515, via World News Connection) General Nikolai Kormiltsev, recently shifted from the Ground Forces to a deputy defense minister post, echoed these sentiments of discontent concerning the Army, which in his words finds the "current condition of the Ground Forces difficult." (INTERFAX, 1100 GMT, 4 May 01; FBIS-SOV-2001-0504, via World News Connection) While neither Kornukov nor Kormiltsev stated specific funding figures, fixing these problems would require enormous resources.

* Shortly after assuming command of the newly created Russian Space Troops, General Anatoly Perminov had to contend with the temporary loss of communications with several military satellites, due to a fire in a command post located in Serpukhov, in the Kaluga region. The cause of the fire was attributed to defective circuitry in a power supply. (INTERFAX, 0546 GMT, 14 May 01; FBIS-SOV-2001-0514, via World News Connection) In the larger context, this incident was just another example of the former Soviet military machine's decaying infrastructure, which has been starved of proper maintenance for the past decade.

All the while, pay and housing shortfalls for the troops persist, and local commanders are looking again to turn out their troops into the fields -- not for the training Ivanov extolled but to help bring in the harvest. On the other hand, the Kremlin is still pushing newer and more advanced weapon production for the sake of exports, demonstrating various systems at recent international arms shows. Foreign policy through arms sales has been a hallmark of the Putin leadership; thus, reinvigorating ties with former client states that can pay hard currency to starving Russian defense industries comes as no surprise. However, recent announcements that Moscow intends to resume and expand military technical cooperation with Libya and North Korea not only hold out little potential
for generating profits, they are bound to antagonize neighboring states, some Europeans, and, of course, the United States. Russia's "great power" status cannot be revived in this manner, and Putin's geopolitical games cannot be won through military influence when the troops are hungry and have no place to live.

Newly Independent States: Western Region

By Tammy Lynch

UKRAINE
Navigating the vicious circle

Just a few days ago, it seemed that Ukraine would be facing the prospect of an acting prime minister, as President Leonid Kuchma and the Rada could not agree on a candidate to fill the post on a long-term basis. Time was running out; the Ukrainian constitution allows only 60 days for the president and Rada to choose and confirm a new prime minister. "The Cabinet of Ministers," the document stipulates, "whose resignation is accepted by the President of Ukraine, continues to exercise its powers by commission of the President, until a newly-formed Cabinet of Ministers of Ukraine commences its operation, but no longer than for sixty days." (Article 115) However, on 22 May, Kuchma nominated Anatoliy Kinakh for the premiership, and Kinakh seems to have been able to use his considerable power and connections to garner the support of the Rada's largest party, the Communists. With that, his confirmation seems probable.

Over the previous week, Kuchma had swung back and forth between two candidates -- Kinakh, leader of the Ukrainian Union of Industrialists and Entrepreneurs (UIE), and Serhiy Tyhypko, the head of the political party Labor Ukraine -- before finally deciding on Kinakh. In truth, however, both Kinakh and Tyhypko are cut from the same cloth, and likely would govern in the same way. Not surprisingly, each is well connected both to Kuchma and to international
business. Additionally, both worked vigorously to oust Viktor Yushchenko's cabinet, and both have deep ties to Russian business and political interests. Most importantly, both finalists provide a clear indication of Kuchma's style and policy inclinations.

Kinakh in particular has worked extremely hard to integrate Ukrainian and Russian business interests. In May 2000, for example, he signed several agreements with his counterpart in the Russian UIE. One of those agreements called for "an active involvement of the two unions in drafting governmental documents regulating trade and economic relations between Ukraine and Russia," according to Infobank. It also emphasized "the importance of making mutual investments in the countries' economies, involvement in mutual projects, whether they are being carried out in Ukraine or Russia or a third country, and a regular exchange of information about such projects." (INFOBANK, 16 May 01; via ISI Emerging Markets Database) Coincidentally or not, it was during this period that then-Foreign Minister Boris Tarasyuk began to be pressured aggressively to orient his policies more toward Russia. Soon he was replaced by the more pro-Russian Anatoliy Zlenko. (For further background, see PERSPECTIVE, Mar-Apr 2001.)

Recently, Kinakh spearheaded the media barrage against Viktor Yushchenko, using the annual congress of UIIE members to rail against the prime minister's policies and call for his ouster. In particular Kinakh criticized the government for "losing control" of certain strategic industries, and for "overestimating the importance of renewed crediting by the IMF." (INFOBANK, 29 Mar 01; via ISI Emerging Markets Database) The keynote speaker during the conference -- President Kuchma -- expressed sympathy for the demands of the UIIE, but strategically stopped short of seconding the union's call for the cabinet's dismissal.
Clearly, the appointment of Kinakh will result in the stepped-up involvement of Ukrainian businessmen in the day-to-day activities of the government. This is the type of situation that always seemed to worry Viktor Yushchenko. In fact, in the days before Yushchenko’s ouster, Tyhypko criticized the prime minister for rejecting his attempts at compromise. A ministerial post or two for his party was all it would take, Tyhypko said, to make him switch his vote. Yushchenko, however, refused. "Perhaps," Tyhypko told the press, "as the mass media often claim, . . . he does not want to soil his hands with the oligarchs." Thus, it was because of this refusal to provide ministerial posts that Tyhypko predicted -- and successfully pushed for -- Yushchenko's dismissal. (2000, 21 Apr 01; BBC Monitoring, via ISI Emerging Markets Database)

Following that dismissal, the Rada splintered into three main groupings -- the rightist/pro-Yushchenko branch, the center-oligarch parties, and the Communists -- as the legislature attempted to agree on a nomination for prime minister. The rightists, who now include Yulia Tymoshenko's Batkivshchina party, have refused to vote for any nominee as a protest against Yushchenko's dismissal. The centrists seem generally to support Kuchma's suggestions, and the Communists intend to use their support of the nominee for their own gains. Consequently, Ukraine seems doomed to gridlock at least for the foreseeable future.

Despite Kinakh's protestations to the contrary, cash-poor Ukraine is depending on two financial measures to help it continue its economic growth -- resumption of IMF lending and rescheduling of its debt to the Paris Club. The IMF, however, has delayed the release of any new tranches until certain laws are passed. Such legislation, which would rework business enterprise zones, alter some excise taxes and increase privatization transparency (while, one hopes, also increasing privatization revenue), seemed possible under the outgoing cabinet. Now, it seems unlikely. Consequently, the IMF continues to delay resumption of lending.
The Paris Club, meanwhile, is refusing even to consider rescheduling the Ukrainian debt it holds until the IMF resumes funding, making long-term financial planning difficult for the republic. Additionally, both of these organizations have raised concerns about Ukraine's privatization procedures, and suggested that its revenue from privatization sales will fall far short of that projected in the state's budget.

The IMF and Paris Club situations -- as well as any drop in privatization revenue -- negatively affect the country's ability to pay both its past and future energy bills, which, in turn, necessitates talk of turning over state assets to pay for gas. Turning over state assets -- thus further lowering projected privatization revenues -- would have negative impact on future IMF lending, which would have negative impact on Paris Club debt rescheduling, and so on, and so forth. In the short term, with Ukraine experiencing growth according to all of its economic indicators, the debt situation does not seem hobbling. In the medium to long term, however, it could be disastrous.

Russian President Vladimir Putin and Turkmen President Saparmyrat Niyazov both clearly understand this point, as reflected by their actions over the last week. Putin nominated former PM and head of Gazprom Viktor Chernomyrdin as the new Russian Ambassador to Ukraine, while Niyazov announced his country's intention to overlook Ukraine's relatively small gas debt until Paris Club negotiations are complete, and signed a new agreement to supply more gas to its regional partner.

While Ukrainian politicians cautiously welcomed Chernomyrdin's appointment, the move was embraced wholeheartedly by their Russian counterparts. "To bring such a political heavyweight as ambassador is a significant step for Russia," Boris Nemtsov said. A representative from a brokerage firm in Russia was even more thrilled. "Chernomyrdin is a very good choice. He has great contacts in politics, he knows how Russian-Ukrainian relations operate, and obviously knows
how Gazprom operates," Renaissance Capital brokerage representative Roland Nash told the press. "In that kind of position he will be able to cut deals and continue the process Gazprom has been into for the past year or so -- using financial muscle to gain greater economic strength in Ukraine." (THE INDEPENDENT PRESS, 11 May 01; via ISI Emerging Markets Database) Nash did not mention, of course, that Chernomyrdin also will help Russia gain greater political strength in Ukraine by pressuring the country over its $1.5 billion debt to Gazprom and aggressively pursuing a turnover of state assets to clear that debt. Kinakh, who is close to Chernomyrdin, obviously will be receptive to his friend's suggestions. How receptive remains to be seen.

Kuchma, however, at least publicly is staying true to his previous statements that Ukrainian state assets (in particular its gas transit system) will not be surrendered. "It should not be forgotten that Kyiv is now the capital of an independent Ukraine," he said. "The appointment of Chernomyrdin as ambassador should not be regarded as appointment by Moscow of a first secretary of the Ukrainian Communist Party who will control everything." (UNIAN, 22 May 01; BBC Monitoring, via ISI Emerging Markets Database) Nevertheless, Kinakh's appointment considerably undermines the force of this statement.

Niyazov, for his part, has agreed that Turkmenistan will continue to increase the gas it supplies to Ukraine, until, by 2006, it is supplying all the gas the country needs. At that time, Gazprom gas theoretically will be unnecessary. The announcement of an impending Ukrainian-Turkmen gas agreement came coincidentally just days before Putin's appointment of Chernomyrdin, making the intentions behind this appointment even more suspect.

Ukraine, therefore, is now at a crossroads. It would appear that it may have the opportunity to extricate itself from its dependence on Russia and begin building a truly independent state. It would also appear that many Ukrainian politicians -- who have their individual business interests at heart -- could stand in the way of
this happening. The actions of the Rada and the few strong reformist politicians in the country are likely to determine whether this is allowed to occur.

Newly Independent States: Caucasus

By Miriam Lanskoy

CHECHNYA

Reshuffling or rethinking?
The near-simultaneous resignations (or removals?) of Col. Gen. Valery Baranov, commander of the joint army group in Chechnya, and Grozny Mayor Bislan Gantamirov echo a tumultuous 4 May meeting of the three power ministers -- Nikolai Patrushev (FSB), Sergei Ivanov (MOD), and Boris Gryzlov (MVD). On that occasion, military officers, MVD officials and especially Gantamirov were criticized thoroughly. (CHECHNYA WEEKLY, 8 May 01) That meeting followed clashes between military and MVD officers in Grozny on 1 May. Can it be that the crime, corruption, cynicism and decay in the Russian forces have reached such dimensions that the top officials must confront them? Are widespread rumors of an impending Chechen counteroffensive forcing the Russian leaders to rethink their strategy? These personnel changes and other signals from the authorities may indicate a more profound reappraisal of Russia's goals, means and posture vis-à-vis Chechnya.

Personnel changes
Col. Gen. Gennady Troshev, commander of the North Caucasus Military District, who was the commander of the Eastern group of forces during the first phase of the present war, has taken over temporarily for Baranov. Next week, Troshev is expected to cede command to Lt. Gen. Vladimir Moltenskoi, Baranov's deputy in charge of emergencies. After his, three-week "vacation," Baranov may fill the vacant position of Moscow Military District commander. (INTERFAX, 17 May 01; via lexis-nexis)
The sudden resignation of Grozny Mayor Bislan Gantamirov on 17 May has fueled widely divergent analyses. According to a 19 May Glasnost-Caucasus report, there are rumors that Gantamirov resigned because of pressure from the prosecutor's office, which had started proceedings against him after he issued an order to shoot Chechen rebels on sight. The newspaper Trud reported on 18 May that Gantamirov cited personality conflicts with the vice premier of the pro-Russian Chechen government, Stanislav Il'yasov, as the main reason for his resignation. The government recently moved from Gudermes to Grozny against the wishes of the security organs. Trud also suggested that the resignation may not be final: Gantamirov resigned last year and was persuaded to return. Grani.ru on 17 May wrote that "when the local authorities abandon ship ... expect a raid from the Chechen fighters."

Presidential spokesman Sergei Yastrzhembsky indicated that the new mayor of Grozny will be appointed by Victor Kazantsev, the presidential representative for the Southern Federal District. Yakub Deniev is considered the most likely candidate because he replaced Gantamirov in this post in 1996 and for a short time was the acting head of the Chechen administration. According to Kazantsev's deputy, Nikolai Britvin, Gantamirov may "be invited to work for the office of the presidential envoy in the Southern federal district." (INTERFAX, 18 May 01; via lexis-nexis)

**Slouching towards peace talks?**

"The trust of the Chechen population for the central authorities has not reached a high level," Vladimir Putin said to visiting EU officials on 18 May. (REUTERS; via lexis-nexis) That must be the understatement of the year. Still, it's a giant step for the usually upbeat Russian president to admit that something about the "counter-terrorist operation" is less than one big hurrah. A couple of days earlier, the director of the FSB, which now directs the war effort, admitted that the republic has not been pacified fully: "All the tasks which we had to resolve certainly have
not been resolved and one cannot expect literally that we will resolve these tasks by some preset date or specified month," Nikolai Patrushev said. (RUSSIA TV; BBC Monitoring, via ichkeria.org)

Could all this negativity signal a new willingness to commence peace talks? If and when the Russian president decides to undertake negotiations in earnest, the clearest indication will be the return to the republic of the OSCE Assistance Group to Chechnya.

The Chechen government repeatedly and unequivocally has expressed its willingness to begin talks immediately. However, the Chechen side will not settle for another Khasavyurt treaty. This time, implementation has to be built into the treaty and international organizations will have to become guarantors of any future arrangement. (CHECHENPRESS, 15 May 01; via ichkeria.org)

On 17 May following talks with the Russian president, EU foreign policy chief Javier Solana said "I think in a few weeks, in a few days, the mission of the OSCE may be returning to Chechnya." (AFP, 17 May 01; via lexis-nexis) A week earlier, during the Moscow visit of OSCE chairman-in-office Liviu Bota, it was decided to form a working group composed of officials from the justice ministry, the foreign ministry, and the OSCE to tackle technical and security questions pertaining to the redeployment of the group to Znamenskoye. This opinion finds support in a foreign ministry document obtained by Interfax, which says: "there are no political obstacles to the group's return" and "remaining details can be resolved routinely." However, according to the report, the group's main function will be "to support the federal authorities' efforts in the humanitarian sphere and provide tangible assistance for the soonest possible restoration of peaceful life" in Chechnya. (INTERFAX, 11 May 01; FBIS-SOV-2001-0511, via World News Connection)
This is far from the first time that Russian representatives have promised to allow the group to carry out its work. In the past they have pledged publicly to facilitate its return to Chechnya but in practice created obstacles to that move. The conditions set out above fall far short of what the OSCE can accept, at least in two crucial respects: the location of the mission and its duties. It seems that Russian representatives again may be acting in bad faith, saying they are ready to work with the mission, while in fact trying to obstruct the implementation of its mandate.

The location of the group within Chechnya constitutes a very important factor. The assistance group should return to Grozny. That is the site mentioned in the mandate, and the group operated there during the last war; it is the capital of the republic, and the current seat of the pro-Russian government. Most importantly, Grozny is a central location from which monitoring of human rights abuses can be conducted with relative ease. In contrast, Znamenskoye is located in the north of the republic far from the sites where mass graves were discovered recently. The village has been under Russian occupation since the very start of hostilities and was spared the artillery barrages and "cleansings" that have devastated other parts of the republic. The location of the offices of Vladimir Kalamanov, the president’s special representative for ensuring human rights in Chechnya, Znamenskoye has become window dressing to distract visiting foreign delegations from the abuses of the war.

Moreover, if the document Interfax obtained is trustworthy, the Russian side has rewritten the OSCE group’s mandate beyond recognition. At its November 1999 summit in Istanbul, the OSCE affirmed that the original mandate of the group remains in force and has not been altered. Formed in April 1995, the group was charged with a wide range of tasks:

- promote respect for human rights and fundamental freedoms, and the establishment of facts concerning their violation
• facilitate the delivery of humanitarian aid
• provide assistance to the authorities of the Russian Federation and to international organizations in ensuring the speediest possible return of refugees
• promote the peaceful resolution of the crisis and the stabilization of the situation in the Chechen Republic in conformity with the principle of the territorial integrity of the Russian Federation and in accordance with OSCE principles
• pursue dialogue and negotiations with a view to establishing a cease-fire.

(See osce.org for the full text of the mandate.)

During the last war the group was instrumental in facilitating negotiations between the warring sides; now, according to the version put forth by the Russian foreign ministry, the OSCE group's function would be limited to providing "support" to the federal authorities. The OSCE helped to end hostilities with the Khasavyurt treaty, which Tim Guldimann signed for the OSCE. The group left Grozny in December 1998 and has been operating from Moscow ever since.

**Familiar faces reappear**

Boris Berezovsky emerged from nearly a year of living in exile in relative obscurity to say that "the war in Chechnya should be stopped immediately and without any preliminary conditions." (INTERFAX, 11 May 01; via lexis-nexis) Berezovsky recently declared his intention to spread $10 million among 163 Russian human rights groups.

Having served as deputy secretary of the Security Council and as a Duma deputy from Karachevo-Cherkessia, Berezovsky has insider knowledge of Russian intrigue in the North Caucasus. His critics, such as Sergei Kovalev, have alleged that Berezovsky undermined Chechen-Russian relations by fostering the hostage trade and giving millions to Shamil Basaev. (PRESENTATION TO DAVIS CENTER, 23 Feb 00) More recently, Sergei Yastrzhembsky lashed out at
Berezovsky, accusing him of contributing to the causes of the war. "The anti-terrorist operation in Chechnya would not be required if Boris Berezovsky's experience had not had a negative effect." (INTERFAX, 11 May 01; via lexis-nexis)

According to the Financial Times, retired General Alexander Lebed has been leading a peace group in Chechnya. Lebed, a major challenger to Boris Yel'tsin in the 1996 presidential election, was appointed Security Council secretary and negotiated the Khasavyurt agreements. Now the governor of Krasnoyarsk krai, Lebed has been heading the Peace Mission in the North Caucasus, a group working with Forum on Early Warning and Early Response (FEWER) to promote reconstruction and negotiation in Chechnya. The group called on the parties to begin talks immediately to ward off the possibility of more intense fighting. Its April report pointed to alarming indicators of potential military escalation, such as President Putin's visit to Chechnya in April and a regrouping of Chechen forces near Grozny. (FINANCIAL TIMES, 10 May 01; via lexis-nexis, and www.fewer.org) This danger of an imminent Chechen counteroffensive may persuade the Russian authorities to begin talks, or so the authors of the FEWER report, among many other analysts, hope.

Newly Independent States: Central Asia
By Lt. Col. James DeTemple

CST countries discuss rapid reaction force
Amid stated concern over deteriorating security on the CIS's southern borders, senior security officials from Armenia, Belarus, Kazakhstan, Kyrgyzstan, Russia and Tajikistan met on 26-27 April in Yerevan to discuss combating terrorism in preparation for the planned Collective Security Treaty (CST) summit on 25 May in the Armenian capital.
Summarizing the results of the preliminary meeting, Russia's Vladimir Rushailo said that the CST Security Council secretaries had discussed what progress had been made in the formation of regional collective security systems and of collective rapid reaction forces for Central Asia. (ITAR-TASS, 1437 GMT, 27 Apr 01; FBIS-SOV-2001-0427, via World News Connection) The Russian Security Council chief added that the rapid reaction forces "will be employed if need be in areas with complex operational situations," to repel "terrorist" attacks. (INTERFAX, 26 Apr 01; via lexis-nexis) According to Oleg Chernov, deputy secretary of the Russian Security Council, the quick reaction force's main task will be to contain regional conflicts in Central Asia. (XINHUA, 25 Apr 01; via lexis-nexis) The officials were reported also to have considered improving the inter-agency coordination process within the CST itself and enhancing channels of communication.

Central Asia has been compared to the war-torn states of Sub-Saharan Africa by some Western defense analysts and is in danger of becoming a "permanent war zone." Protracted warfare in Central Asia, presumably triggered by the Islamic Movement of Uzbekistan (IMU), could continue to destabilize this important region. (THE ANALYST, 9 May 01) Consequently, forming the rapid reaction force in Central Asia to counter the Islamic "threat" to Tajikistan and other Central Asian states is high on Russia's security agenda.

Rushailo claimed that the joint rapid reaction force would benefit Tajikistan most of all because of its geographic location bordering Afghanistan and, more importantly, because the IMU is suspected of operating from bases in Tajikistan's Pamir mountains and may be assembling for a third campaign. (IMU incursions into southern Kyrgyzstan in 2000 and both Kyrgyzstan and Uzbekistan in 2001 purportedly were staged from bases in northern Tajikistan.) "This is more pertinent for our colleagues in Tajikistan, who are the first to experience all the negative consequences of religious extremism and outright armed incursions
alike," according to the Russian Security Council chief. (FINANCIAL TIMES, 27 Apr 01)

The CIS security pact undoubtedly provides a practical framework for preserving Russia's military presence in post-Soviet space. With Kazakhstan, Kyrgyzstan and Tajikistan ready to embrace a Russian-controlled collective security system, including joint rapid reaction forces in Central Asia, the stage is set for increased militarization of the region.

Newly Independent States: Baltic States
By Kate Martin

Thin line between public and private sectors, interests
Privatization issues continue to plague the Baltic states, proving once more that anything can become a political football if there are enough players on both sides.

The third attempt to sell off the Latvian Shipping Company ended in disaster, when no bidder made the required security deposit by the 27 April deadline. The failure has provided opponents of privatization, specifically the Social Democrats, with a weapon to wield in an attempt to bring down the economics minister and, if they're lucky, the government as well. Alas, the demand for Economics Minister Aigars Kalvitis' resignation represents once again the political tendency to kill the messenger. In the end, the Social Democrats' argument is not with the minister but with the job he was tasked to accomplish. They view the Latvian Shipping Company privatization as contradictory to the interests of the Latvian constitution and national economy. Faction chairman Egils Baldzens claims that the price established for the shipping company, 70 million lats (US$111,287,000) does not correspond to the company's actual market value, which he estimates at 200 million lats. (BNS, 1003 GMT, 27 Apr 01; FBIS-SOV-2001-0427, via World News
Determining market value, however, is a tricky business, as the prime minister's spokesman, Arnis Lapins, pointed out. The initial asking price of 70 million lats "could not be too low because, if it was, someone would have paid the security deposit," Lapins said. (BNS, 1521 GMT, 27 Apr 01; FBIS-SOV-2001-0427, via World News Connection)

Rather than problems with pricing or the privatization process, Economic Minister Kalvitis cited another impediment: the political process. "The privatization process has been constantly accompanied by scandals and there have been certain political forces that have done all, used the dirtiest methods to torpedo and ruin the process and, unfortunately, they have attained their goal. ... In such an unclear investment environment as has to date developed ... it will never be possible to attract any potential buyers," Kalvitis said. (BNS, 1610 GMT, 27 Apr 01; FBIS-SOV-2001-0427, via World News Connection)

Clearly assuming that the Social Democrats eventually can be overcome, the government decided in mid-May to focus on the process and not the politics, and instructed the economics ministry to develop new terms for the Latvian Shipping Company's privatization. Kalvitis reported that, after serious debate, the Cabinet adopted the resolution unanimously, demonstrating government support for the principle of continuing attempts to sell the company. (BNS, 1450 GMT, 15 May 01; FBIS-SOV-2001-0515, via World News Connection)

Meanwhile, the Estonian Privatization Agency continues to barrel along with the sale of Eesti Raudtee (Estonian Rail), despite a recent court decision that complaints about the procedure deserved a hearing. Jaak Liivik, the director-general of the Estonian Privatization Agency, signed a contract on 30 April with Baltic Rail Services -- a consortium of Estonian, British and American investors -- providing for the sale of a 66-percent share in Eesti Raudtee. (BNS, 1221 GMT, 30 Apr 01; FBIS-SOV-2001-0430, via World News Connection) That move resulted in an immediate call by the People's Union (an opposition party) for the
government to cancel the privatization tender, since legal proceedings to bring the process to a halt are underway. (BNS, 1222 GMT, 30 Apr 01; FBIS-SOV-0430, via World News Connection)

According to the government's privatization program for state property in 2001, the agency's work is expected to end in October. That expectation, based on the fact that only three state-owned companies remained when the program was approved in March, clearly did not anticipate the problems the agency would have over the railroad sale. However, the original tender for the rail privatization, Rail Estonia, failed to bring a strategic investor by the deadline, thus clearing the way -- at least in Liivik's mind -- for talks with the runner-up, Baltic Rail Services. Not all parties are in accord over Liivik's decision, however. Rail Estonia successfully brought a suit in the Tallinn administrative court seeking to suspend the conclusion of a contract between Eesti Raudtee and Baltic Rail Services until Rail Estonia's complaint against the privatization agency's decision to uphold the deadline was heard. But timing is everything. The administrative court judge ruled that talks could continue. And, according to bidding documents, the agency could break talks and declare the privatization tender ended if the process extended beyond 30 April. The agency's move was slick: The Rail Estonia case was scheduled to be heard on 2 May. (BNS, 1031 GMT, 27 Mar 01; FBIS-SOV-2001-0327, via World News Connection)

As the other Baltic states are grappling with privatization problems, Lithuania continues to be beset by an institution politicians no doubt would love to privatize if only to get it out of their purview -- the Ignalina nuclear power plant. Powered by two Soviet-made RBMK reactors (the same folks who gave us Chernobyl), Ignalina has been a point of dissension between Lithuania and the international community for years. Unwilling to see another Chernobyl-like ecological disaster occur, the West has been demanding the closure of Ignalina and has used all leverage -- including European Union (EU) membership -- to get its way. Lithuania, alas, continues to rely quite heavily on the power generated by the
plant as well as on the employment the plant provides, and has been stalling as much as possible, claiming first the economic ramifications and now the social implications such a complete revamping of its energy policy would entail.

The stalling has now moved into a new phase: preparing for a compromise. Economics Minister Eugenijus Gentvilas recently told reporters that the EU's expectation of a complete closure of Ignalina probably won't be met. International aid of some 200 million euros has been donated to close the plant's first reactor block, which is scheduled for 2005. The EU has hinted strongly that the second block's closure is expected to occur soon thereafter. The government decided to determine, by 2004, what the future of the second block would be. European Union representatives, on the other hand, have said that even this decision-making process should be moved up, and that a plan should be in place by 2002.

(BNS, 1922 GMT, 21 Mar 01; FBIS-SOV-2001-0322, via World News Connection) Disagreements on the timing of a decision presage subsequent disagreements on what that decision will be. "Lithuania has its own arguments for not closing the second block in 2009, the year that has been indirectly suggested to us, but for seeking the postponement of this term. It could be the year 2012 or 2015," Gentvilas said. However, he explained, "we must also take into account the arguments others make," especially since Lithuania and the EU have not yet begun talks on the energy chapter. (BNS, 1617 GMT, 27 Apr 01; FBIS-SOV-2001-0428, via World News Connection)

Repeating the same theme, Seimas speaker Arturas Paulauskas told his counterpart in the German Bundestag that closing down Ignalina by 2008 was unrealistic. According to Paulauskas' spokesperson, when Bundestag speaker Wolfgang Thierse noted the unacceptable use of Chernobyl-model reactors, Paulauskas explained that social consequences are the determining factor for considering the reactor's future. (BNS, 1522 GMT, 9 May 01; FBIS-SOV-2001-0509, via World News Connection) Lithuania clearly is betting that the money it has invested to insure the plant's safety will prove sufficient in the case a similar
disaster occurs. It would be interesting to see, through a referendum, whether economics or environmental safety will reign supreme, and whether the Lithuanian population around the plant - where plant workers and their families live -- consists of bettors as well.

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