Oligarch policy under review?
At the beginning of Vladimir Putin's presidency, policy toward the many powerful Russian oligarchs was based on equidistance. Rather than allowing the various interest groups competition for access to the president, Putin advocated large-scale meetings through organizations such as the Russian Union of Industrialists and Entrepreneurs (RUIE). This policy had the advantage of giving Russian business interests a more unified platform that they could present to the president. However, recent reports seem to indicate that this policy is shifting back to more individualized meetings, hinting at a diminution of RUIE's influence. (KOMMERSANT-VLAST, 21 May 02; via ISI Emerging Markets Database)

Indicators of this trend became apparent when the fifth RUIE-Putin meeting was postponed repeatedly, and by the fact that, on the eve of his address to parliament, individual oligarchs were invited to the Kremlin for consultation with the president. These one-on-one meetings have continued. One of the oligarchs recently granted an audience with Putin was machinist tycoon Kakha Bendukidze, who addressed tax reform and problems faced by small businesses. (KOMMERSANT-VLAST, 31 May 02; via ISI Emerging Markets Database) It is expected that Putin will continue to use the RUIE and other large-scale meetings as formal occasions to announce and solidify positions agreed upon in smaller, individual meetings.

Factions battle for campaign helm
Although Vladimir Putin is not up for reelection until 2004, the two principal factions within his administration are contending for the right to run his campaign,
and thus to shape his campaign promises and policies. These two factions, the St. Petersburg Group and former members of Yel'tsin's administration known as the "Family," have been waging political war for some time now, with Putin favoring the St. Petersburg Group, which he brought into existence (or perhaps vice versa).

The most recent skirmish was initiated by Alexander Bespalov's rise to the United Russia Party's General Council chairmanship over Vladislav Surkov. Bespalov, an active member of the St. Petersburg Group, took control of the pro-Putin party over Surkov, who is a deputy director of Alexander Voloshin's presidential administration. Voloshin, an old-school member of the "Family," apparently realized that he was in danger of losing influence as a result of the St. Petersburg Group's piecemeal assumption of resources to be used in the election campaign. In response, he quickly founded an election campaign team headed by a member of his own camp, Dmitry Medvedev. This team reportedly meets in Voloshin's office. The official St. Petersburg Group meets away from the Kremlin, supposedly "at locations owned and monitored by the FSB." (OBSCHAYA GAZETA, May 02; via ISI Emerging Markets Database) Both teams are vying for the privilege of helping to reelect Putin, and are likely to continue fighting over reelection campaign booty from now until Putin's putative second inauguration.

Russian Federation: Security Services
By Michael Donahue

To the victors go the spoils
It is very chic indeed to be a member of the Russian Federal Security Service (FSB). Beyond the renewed global implication of anything and everything related to the very term "security," the FSB, which began its climb to the top of the Russian political pyramid with the election of Vladimir Putin, has achieved a
degree of supremacy over its sister security services both within Russia and abroad.

While other agencies within the Russian security apparatus have suffered public disgrace and failed to rebound quickly, the FSB seems to have developed a formula for continued success and ever-increasing responsibilities in the Putin era: becoming part of the executive structure itself. Since the 1999 gubernatorial election of regional FSB director Vladimir Kulakov to head the Voronezh Region, the leadership of the FSB has infiltrated the political arena -- with great success. Beside Putin and Kulakov, the FSB alumni organization can count Republic of Ingushetia President Gen. Murat Zyazikov, Smolensk Governor-elect Viktor Maslov, and perhaps (in a future election in the Tula Region) Vladimir Lebedev among those who have successfully made the leap from shadow to overt power. (NEZAVISIMAYA GAZETA, 21 May 02; via ISI Emerging Markets Database)

Certainly part of the electorate is drawn to these "chekists" because they reflect the power and security of the parent organization -- a comforting thought in light of the atmosphere of terror that has gripped the world since 11 September. However, the spread of FSB power has not been limited to elected positions. Last week, for example, Aleksandr Zdanovich, a senior FSB general, was appointed deputy director of All-Russian State Television and Radio (VGTRK), the body responsible for federal oversight of state-run broadcast media. Some analysts believe that placement of a fellow FSB officer in a supervisory position over major mass-media outlets may have something to do with next year's parliamentary elections. (AGENCE FRANCE-PRESSE, 4 Jun 02; via ISI Emerging Markets Database) After all, shaping public opinion through selective reporting does have a long and glorious history in Russia.

Beyond the political arena, the rise of the FSB has been greatly assisted by the repeated public disgrace of both the GRU and the SVR. It appears that confidence in the security services is a zero-sum game, in which every setback
for one service enhances the prestige of the others. If that is so, then the well-
publicized failure of the GRU to obtain American missile technology from the
Japanese self-defense forces and the unmasking of SVR agents in Western
countries may have damaged the GRU and SVR, and, in turn, reinforced the
premier position of the FSB. (AGENCE FRANCE-PRESSE, 22 Mar 02; via ISI
Emerging Markets Database)

For its part, the FSB has succeeded in deflecting criticism. The FSB is unlikely to
undergo senior personnel changes, despite the obvious intelligence failures
surrounding the Dagestan bombing and calls from the Duma's liberals for FSB
Director Nikolay Patrushev to resign. On the premise that there must be
parliamentary oversight over the security services, Sergei Yushenkov proceeds
to point out that in any Western state "the head of an agency that failed to
perform his duties resigns." (NTV, 0600 GMT, 21 May 02; BBC Monitoring, via
ISI Emerging Markets Database) Of course, Yushenkov's assumption concerning
the West may err on the optimistic side. In light of the well-publicized supposed
successes of the FSB, including the successful assassination of the terrorist
Khattab, and the interception of toxic thallium stolen from Russian submarines
and reportedly destined for Osama bin Laden's operatives, the likelihood that the
director of the FSB will resign during these "high times" seems slim.

Russian Federation: Domestic Issues and Legislative
Branch

By Luba Schwartzman

MEDIA
If you can't beat them...
Keeping the media under control is not an easy task. Oligarchs like to sponsor
newspapers and magazines, radio and television stations. Journalists are a
talkative bunch. So sending camouflaged, masked, armed SWAT teams into the offices of television stations is a sure way to publicize FSB oppression. Before you know it, Western journalists and political scientists are making a fuss, and Western politicians are putting pressure on the Russian government. Certainly, intimidation works -- but too often a stubborn newspaper like Novaya gazeta, an obstinate journalist like Anna Politkovskaya, or a relentless studio director like Yevgeny Kiselev will persevere through wrongful lawsuits, death threats, or the closing down of television stations.

The Kremlin has several plays in its gamebook which it periodically rotates. One perennial strategy is placing a television channel under the direct supervision of someone familiar with the media from his duties as a Federal Security Service (FSB) spokesman. Especially in this day and age, who could be more faithful to the government than one of its "finest"?

Sometimes security officers and select military men have been assigned to head media organizations or companies: General Colonel Valery Manilov, former first deputy chief of the General Staff, was sent to lead the guild of military journalists in the Media Union -- an organization created by the Kremlin in 2001 to compete for influence with the Union of Journalists, while Chief of the Interior Ministry Directorate for Information and Public Relations Oleg Aksenov became the head of TV-7.

At other times, the security service officers have been placed in the position of "second in command," like the political commissars of yore, or the ethnic Russians in the apparats of the Soviet republics. In 1999, General Yuri Kobaladze, previously the head of the press office in the Russian Foreign Intelligence Service, was appointed first deputy director of ITAR-TASS. The head of the FSB's anti-terrorism department, Vladimir Kozlov, became deputy media minister. (NOVYE IZVESTIA, 5 Jun 02; What the Papers Say, via ISI Emerging Markets Database)
A former Foreign Intelligence Service officer, Lev Koshlyakov, whose only experience with journalism was using it as a cover for his espionage activities, headed the Vesti news program on RTR Television, while fellow spy Igor Adamov became the head of Radio Russia. (KOMMERSANT, 4 Jun 02; via ISI Emerging Markets Database)

...Join them
This game plan was temporarily put aside as cruder intimidation tactics came to be employed. But then, on 4 June, Major General Aleksandr Zdanovich, the chief of the FSB Assistance Programs Directorate, was appointed deputy chairman of the VGTRK (All-Russia State Television and Radio Broadcasting Company, which oversees state-owned broadcast media). Zdanovich, a graduate of the KGB Higher School and an employee of the security service since 1972, has been on the forefront of the FSB's public relations campaigns. Being a Federal Security Service spokesman can be a dirty job, and, in his performance, Zdanovich superbly proved his loyalty and his ability to voice "terminological inexactitudes" with a straight face. He glibly fed disinformation to journalists and to the Russian public, circulating stories about a purported Chechen link to the 1999 Moscow bombings and to the plane crash that killed journalist Artem Borovik, as well as spreading rumors about Raduev's death. (NOVYE IZVESTIA, 5 Jun 02; What the Papers Say, via ISI Emerging Markets Database) At times, he gave "eye-witness accounts" that were later proved false. For example, in February 2001, Zdanovich told journalists that Kenneth Gluck -- an employee of the Doctors Without Borders humanitarian operation, who supposedly had been kidnapped by Chechen terrorists -- was released as a result of a special raid carried out by FSB, while later, Gluck reported that he had seen no trace of a special operation. In another notable incident, the major general described a "cleansing operation" in Starye Atagi in glowing terms, and claimed that the elders of the village thanked him for "destroying the bandits that had been terrorizing the village." At another point, Zdanovich was convicted of slander
against Media-MOST television company, although that decision was later reversed. (KOMMERSANT, 4 Jun 02; via ISI Emerging Markets Database) Understandably, Zdanovich is not very well liked by the media.

Zdanovich's job description centers around the word "security," which he explains as having "a very broad meaning [including] economic security as well as financial security threats to journalists and the company's correspondents." Zdanovich made no attempts to deny that he will keep in touch with his former office: "As you know, there are no former security officers," he joked, adding that he would prefer not to go into details. (IZVESTIA, 5 Jun 02; FBIS-SOV-2002-0605, via World News Connection)

It sounds like the typical job for an FSB man: providing "krysha" -- protection, except of a rather formal nature -- to a business. What will he want in return? Not money, so much as a certain level of obedience by journalists and oversight of information. Now, instead of being seen publicly as pursuing undesirable media outlets, the FSB will simply protect the ones it favors.

POLITICAL PARTIES

Game...

Playing with the media is a moderately difficult game. The joust against the leftist opposition, however, has been a piece of cake for the Kremlin. The ultra-left Communists, headed by Party Chairman Gennady Zyuganov, attempted to throw their weight around by expelling three State Duma deputies -- State Duma Speaker Gennady Seleznev, the head of the Culture and Tourism Committee Nikolai Gubenko, and the head of the Women's, Family, and Youth Affairs Committee Svetlana Goryacheva -- for lack of party discipline. In protest, Nizhny Novgorod Oblast' Governor Gennady Khodyrev and Volgograd Oblast Council Chairman Sergei Mikhailov -- powerful Communist "moderates" -- handed in their party tickets. (ROSSIYSKAYA GAZETA, 1 Jun 02; FBIS-SOV-2002-0603, via World News Connection, and ORT, 7 Jun 02; via www.ortv.ru)
Zyuganov's supporters insist that the controversy will not cause a major split in the party: Deputy Chairman of the Communist Party Ivan Melnikov dismissed the Khodyrev example as the emergence of weak links. (NEZAVISIMAYA GAZETA, 5 Jun 02; What the Papers Say, via ISI Emerging Markets Database) And yet already there is an obvious difference between the actions of the "moderates" and the "extremists." Zyuganov himself has been on a spree of criticism against the Kremlin -- he was particularly upset about the signing of the new Russian-American Treaty on Strategic Offensive Reductions, calling it an "unconditional capitulation," and accusing Russia of "helping an aggressor country, which is now imposing its policy on the entire world." Zyuganov also accused President George W. Bush of having had prior information about the 11 September attacks. (INTERFAX, 1427 GMT, 23 May 02; FBIS-SOV-2002-0523, via World News Connection)

...Set...
Zyuganov also mounted a personal attack against President Putin, declaring that he had "only brought stability that would lead to extinction, stability for corruption," and proclaiming that more than 100 Duma deputies would back his call for a no-confidence vote in Putin's government. (REUTERS, 30 May 02; via Johnson's Russia List) The CPRF chairman also stated that "Mr. Putin and our Foreign Ministry are violating the strategic accords with the People's Republic of China. They are worsening the climate between our countries, they are worsening the situation on the planet as a whole." (RIA, 30 May 02; Kremlin Package, via ISI Emerging Markets Database)

...Match
Meanwhile, Seleznev is enjoying the approval and verbal support of everyone from President Putin and the former president of the USSR, Mikhail Gorbachev, to representatives of centrist United Russia. (EKHO MOSKVY, 27 May 02; CRAS Radio & TV Monitoring, via ISI Emerging Markets Database)
In return, Seleznev has been echoing concepts proposed by the party of the Kremlin. He suggested that Russia follow France's example in "limiting the showing of foreign movies" on TV -- a move that fits like a glove with United Russia's bill "On Russian as the State Language of the Russian Federation," which has been accepted in its first reading. The bill would prohibit the use -- in official communications -- of words insulting the race, nationality, profession, social status, age, sex, language, and religious, political, or other conviction of Russian citizens; of unprintable words; and of foreign words or word combinations that have analogues in the Russian language. (INTERFAX, 1101 GMT, 17 May 02; FBIS-SOV-2002-0517, via World News Connection, and ORT, 7 Jun 02; via www.ortv.ru)

Moreover, as if to make sure that no one thinks all this is a coincidence, Seleznev waxed poetic in homage of the presidential bill on extremism, also recently accepted in the first reading: "The citizens of Russia must treasure the heritage they have -- the broadest spectrum of languages and cultures and the diversity of local lore." (ITAR-TASS, 1750 GMT, 17 May 02; FBIS-SOV-2002-0517, via World News Connection, and ORT, 6 Jun 02; via www.ortv.ru)

Russian Federation: Foreign Relations

By Ansel Stein

Putin's Asian interests
President Putin has been devoting much of his energy to cultivate a renewed Asian role for Russia and to reaffirm Russia's "patron" status among existing associates. The focus is not incidental, given constraints that have emerged in other areas where Moscow has maintained interest in the past -- constraints created by active US interest (i.e., American troop presence in Georgia and
Central Asia) and by Moscow's own past behavior (raising suspicions about its sincerity in mediation between India and Pakistan).

ARMENIA

On 30 May the secretary of the Russian Security Council, Vladimir Rushailo, concluded an official visit to Armenia, during which he managed to meet with all ranking leaders of the republic. He passed a letter from Russian President Vladimir Putin to Armenian President Robert Kocharian, and conducted consultations with Defense Minister Serzhik Sarkisian and the head of the special services Karlos Petrosian. Official Yerevan once again confirmed the "significance of the strategic partnership with Moscow," while Rushailo noted that "coordination of our actions on actual issues of the foreign policy is yielding more and more results." (VREMYA NOVOSTI, 30 May 02; via lexis-nexis)

The result of this coordination was the renewal of the Russian-Armenian patron-client relationship, mainly in terms of arms sales. Armenia has requested Russian assistance in overhauling, repairing and extending the service life of existing weapons, in addition to the delivery of military products from Russia. Yerevan also is looking to Moscow for assistance with the overall modernization of Armenia's armed forces. (ARMINFO, 1359 GMT, 29 May 02; BBC Monitoring, via lexis-nexis) Despite lingering doubts elsewhere concerning the Russian army's ability to assist in the modernization of anything, Moscow's willingness to be forthcoming on this issue is significant. Armenia already owes Russia approximately $100 million. There is no reason to expect that Armenia will be able to pay for the new arms or training agreed upon during this last visit. Russia is apparently more than willing to donate these goods and ignore Armenia's existing debts in exchange for an expected political payoff.

Moscow also sponsored a meeting between the Prime Minister of Abkhazia, Anri Jergenia, and the President of South Ossetia, Eduard Kokoiti Kokoev, on 31 May, with unsurprising results. The two men agreed that the situation in their
breakaway regions may deteriorate sharply as a result of American aid to the Georgian armed services. "The circumstances in neighboring Georgia convince the South Ossetian population and leaders that only still closer ties with Russia may safeguard peace and stability in the region," said Kokoev. The two leaders agreed to come to each other's aid in the event of any attack by Georgia. (INTERFAX, 0725 GMT, 31 May 02; BBC Monitoring, via lexis-nexis) If a conflict does break out, Russian arms, and most likely Russian troops, will support the separatist regions.

INDIA
At the first summit of the Conference on Interaction and Confidence-Building Measures in Asia (CICBMA) in Almaty, Kazakhstan on 4 June, Putin met with Indian Prime Minister Atal Bihari Vajpayee and Pakistani President General Pervez Musharraf in an attempt to defuse tensions between the two countries. However, the hard-line positions of both states, and Russia's own bilateral relations with them, ensured little progress. On the eve of his meeting with the Russian president, Musharraf explained, "We have a deep respect for Putin. He is a very dynamic and intelligent leader. But Russia has very close relations with India, and this is an important factor." (IZVESTIA, 5 Jun 02; via lexis-nexis)

CHINA
The very next day Putin noted that relations with China constituted "a considerable priority" in Russia's foreign policy, based on an existing Sino-Russian agreement "envisioning [a] strategic partnership." (ITAR-TASS, 5 Jun 02; via lexis-nexis) Subsequent statements indicate that a strategic partnership indeed is in effect. Chinese President Jiang Zemin arrived in Saint Petersburg last week for a meeting of the Shanghai Co-operation Organization (SCO) linking Moscow and Beijing with four Central Asian states -- Kazakhstan, Kyrgyzstan, Tajikistan and Uzbekistan. During the conference Foreign Minister Igor Ivanov said that Russia and China are actively coordinating their foreign policy activities. Ivanov said that the two countries have a "full understanding" on this issue, that
their mechanisms of coordination "are well tuned," and that within this coordination Russian and Chinese diplomats discuss and agree on all fundamental international policy issues.

Russian Federation: Armed Forces and Military-Industrial Complex

By Scott Bethel

Making the new relationship with NATO work
The new relationship between NATO and Russia not only will be played out on the political stage in Brussels, but also may have a major ripple effect among the militaries of both sides. For the Russians, the issues are threefold: First, what the "Russia-NATO Council" will mean for the current state of the military; second, what effect a closer relationship with NATO will have on current Russian military sales agreements; and third, what effect a more specific military relationship with NATO will have on future negotiations with the United States.

The formal relationship between Russia and NATO is based on the Russia-NATO Council. This body is the result of feverish work by Vladimir Putin as well as NATO Secretary-General George Robertson, British Prime Minister Tony Blair and Italian President Silvio Burlusconi. (WASHINGTON POST, 29 May 02; via washingtonpost.com) The key element is the so-called "Group of 20," or, more specifically, the 19 NATO countries plus Russia. The Group of 20, according to US Secretary of State Colin Powell, is still a "work in progress and as such the precise nature of the council has yet to be defined. " (IBID.) But those close to the "historic" signing of the "Rome Accords" agree that the council's basic premise will be twofold: First is a focus on the threat posed by international terrorism. The Russians claim that they are fighting their own war against terrorism in Chechnya and that they are simply being "joined" by the Americans
and Europeans in this effort. (THE NEW YORK TIMES, 29 May 02; via www.nytimes.com). Second, the council will tackle problems such as disarmament and international security. (ORT, 0800 GMT, 6 Jun 02; via ISI Emerging Markets Database)

The accords do not envisage Russian veto power over any NATO initiatives, a major concern of the United States as well as some of the other NATO member states. (US NEWS AND WORLD REPORT, 6 Jun 02; via www.USNEWS.com) However, the Russians will have access to the discussions and to these specific NATO activities. Further, Russia's relationship with NATO as well as with member states will become increasingly formal in the areas of information exchange and cooperation.

In an effort to downplay the significance of this move for the military, Defense Minister Sergei Ivanov highlighted the importance of Russian participation in existing international fora including the UN, OSCE and the Asian Pacific Economic Council (APEC). (ITAR-TASS, 1037 GMT, 6 Jun 02; via ISI Emerging Markets Database) He emphasized that Russia will not make or adjust any of its planning based on NATO input or desires. (ITAR-TASS, 1005 GMT, 6 Jun 02; via ISI Emerging Markets Database) However, if the Russians decide to escalate cooperative exchanges from a mere political forum to joint exercise activities or military-to-military exchanges, they run the risk of revealing to NATO the sorry condition of their force capabilities. The pathetic state of the Russian military is unlikely to come as a surprise to anyone in NATO; however, a closer look would verify the long-standing negative assessments by most outside observers.

Both Sergei Ivanov and his counterpart in the foreign ministry, Igor Ivanov, have stated clearly that the new relationship with NATO would have no effect on agreements that are already signed or in current negotiations. (ITAR-TASS, 1254 GMT, 4 Jun 02; via ISI Emerging Markets Database) In fact, the Russians are working with Turkey for the first time ever to sell to the Turkish Air Force more
than 130 helicopter gunships. However, what is most important is for the Russians to be able to continue the cash-and-carry deals they have underway with Iran and India and to continue to pursue further markets in South America and Asia.

The Russians do not expect the new formation of the NATO-Russian Council to affect bilateral relations with other countries. In fact, President Putin himself confirmed that the council would not interrupt dialogue between Moscow and Washington. (ITAR-TASS, 1037 GMT, 5 Jun 02; via ISI Emerging Markets Database) Also, the Russians are making an effort to reassure other powerful states that the council will not have a negative impact on existing relationships. Specifically, in several interviews Sergei Ivanov declared that the NATO partnership would only "enhance" relations with China and India and would not pose any threat to those two powerful neighbors. (ORT, 1300 GMT, 31 May 02; via ISI Emerging Markets Database)

Despite such assurances, however, the new relationship may have some impact on Russia's dealings with other states. Moscow's sales to known supporters of global terrorism (such as Iran and Iraq) and to known human rights violators (such as Myanmar, Iraq and Iran) are difficult to ignore.

**Show me the money**

The defense ministry is pursuing pay and pension increases in an effort to gain and maintain support from both active duty and retired Russian military members for other, less-popular reforms (the Russian military council has determined the need to cut more than 600,000 military and civilian posts over the next three years).

Vladimir Putin has ordered that pay for active duty military members will be higher than remuneration to their counterparts in the Russian bureaucracy. Discussions concerning pay raises have been ongoing in the Ministry of Defense
for some time. The Russian leadership has made it clear that the new pay increases will be implemented on 1 July 2002 for the enlisted ranks and on 1 January 2003 for the officers. (RUSSIA TV, 1300 GMT, 20 May 02; via ISI Emerging Markets Database) However, the president and Defense Minister Ivanov have been nonspecific when determining the exact amount of the raises, saying only that they will be "significant." (ITAR-TASS, 1020 GMT, 7 May 02; via ISI Emerging Markets Database)

This topic matters for two reasons: First, Putin and Ivanov are well aware that corruption is rampant in the armed forces. It is an endemic problem in the system and part of the motivation for raising the payscale is the hope that it will end some of the corruption. However, the Russians still use an antiquated system of cash payments and paymasters to compensate the troops. As a result, much of the actual monies promised to the forces are skimmed off before they actually reach the field. So far, no proposal has been heard to streamline this process and to move toward a system of automatic deposit or to a process designed to limit the number of persons with direct access to the money.

The second major objective for the pay raise is to increase the prestige of the military. (ITAR-TASS, 1020 GMT, 7 May 02; via ISI Emerging Markets Database) With an increased amount of pay, military officers can live at a higher standard and in many cases better than their civilian counterparts. Putin has noted the increased risk (in Chechnya) and the need to relocate frequently that the military faces. The pay raise is meant to satisfy the troops by attempting to provide increased financial security.

The same cannot be said, however, for the military's workforce. Putin and Ivanov have declared that some 470,000 military and 130,000 civilian jobs will be eliminated over the next three years. According to two major publications, the Ministry of Defense has deemed many Russian civilian jobs to be redundant in an overall effort to cut costs. (NEZAVISIMAYA GAZETA, 31 May 02; via ISI
Emerging Markets Database) Specifically targeted were senior officer postings, including general officers. There are nearly 6,000 generals and admirals assessed by the military to be serving in posts more suited to colonels or navy captains or even lower ranks.

Cost cutting is essential for the Russian military to be able to afford the increased pay for the troops. There have been long-standing complaints by the Duma, as well as from quarters within the military itself, over the top-heaviness and lack of production of the senior staff. The decrease in numbers will accomplish two major goals:

First, thinning out the bloated bureaucracy will make space available at the top for new officers and senior civilians with the potential for fresher ideas. Such culling of the herd often has the effect of raising morale and increasing the goals of the younger and newer officers. It serves also as an effective warning to those who are "retired on active duty," i.e., those who do not provide any added value to their service through their work.

Second, the reduction will pave the way for a more professional military. It would seem logical that this effort would help efforts to move away from the conscript-based Soviet-style armed force to a more contract-based volunteer military. Such a shift would have long-lasting results for the Russian armed forces and would effectively position them for increased participation (and perhaps eventual parity) with their European counterparts.

These efforts are concurrent with Putin's recently approved pension reform effort. Though the reforms are not specifically targeted at the military, they do take into account low and inconsistent payments to pensioners across the board. Putin has the Duma's approval for an additional 2.7 billion rubles to ensure timely and complete payments to all pensioners and even a reserve fund to keep the flow of
income uninterrupted during times of economic shortfalls. (ORT, 1000 GMT, 2 Jun 02; via ISI Emerging Markets Database)

The pay raise and the force reduction efforts may produce a more satisfied and efficient officer corps. With higher pay and more opportunities for promotion, the quality of the individuals choosing a military career will improve. In addition, the savings associated with cutting dead weight also will free resources and positions for those currently in the recruitment and training pipeline. While the pay increases will produce satisfaction, there will be sizeable institutional reluctance to streamline. A bureaucracy of the size and magnitude of the Russian military takes on a life of its own. As a result, any effort to reduce its size or power will be met with the stiffest resistance.

Newly Independent States: Western Region

By Tammy Lynch

BELARUS
The politics of a bully . . .
One thing has always been abundantly clear about Belarusian President Alyaksandr Lukashenka: He wants things his way and only his way. Those who don't agree with him can either go away or be assisted in going away. Period.

This policy has served the president well over the years, as one by one his opponents have mysteriously disappeared, been forced into exile or been locked away in a prison cell. In the center of Europe, Lukashenka gradually has created his own fiefdom, forging his image out of the ruins of Stalinism, clinging to old Soviet traditions that keep the population in fear and selective ignorance.

Placed in the middle of this Soviet bastion was the OSCE Advisory and Monitoring Group in Belarus (AMG), charged in 1997 with the task of "assisting
the Belarusian authorities in promoting democratic institutions and in complying
with other OSCE commitments; and monitoring and reporting on this process."
(OSCE ANNUAL REPORT 1998; via www.osce.org) Unfortunately, there weren't
many democratic institutions to help promote. The AMG's reports, therefore,
usually noted significant violations of OSCE standards and principles and
consistently irritated Lukashenka. This wasn't what he wanted, after all. And so
the AMG, at least for now, has been made to go away.

On 3 June, Andrew Carpenter, the acting head of the AMG, was forced to leave
Belarus after his visa was not renewed. This followed the refusal of Belarusian
authorities to renew the visa of Carpenter's predecessor, Michel Rivolier. As a
result, although the AMG technically still exists, it currently is "unable to carry out
its objectives," according to Portuguese Foreign Minister Martins da Cruz, the
current OSCE chairman. (INTERFAX, 1524 GMT, 4 Jun 02; FBIS-SOV-2002-
0604, via World News Connection) In other words, the AMG is unable to monitor
and report on the human rights situation in the country. Lukashenka should be
thrilled: The OSCE has been the loudest, strongest -- and often only -- Western
critic of conditions inside Belarus. Much of that criticism was based on AMG
information. At least for now, the dwindling and beleaguered democratic
opposition in Belarus has lost an important ally.

In his statement following Carpenter's exit from the country, Cruz, an obvious
master of understatement, suggested, "Such an attitude from Belarusian
authorities fails to promote the desirable normalization of relations between
Belarus and the OSCE." (IBID.) But, while this is obviously true, the question now
is, "So what?"

The unfortunate fact is that the OSCE has been documenting and publicizing
grave violations of human rights in Belarus for years. With the exception of the
United States, most OSCE member countries have chosen to speak rarely and
carry a very small stick regarding Lukashenka. This has meant that, while the
work of the AMG has been admirable, in the West it has had little impact. Take, for example, the case of the Belarusian "death squads."

In July of 2001, two Belarusian officers released what the US State Department called "credible" evidence that Lukashenka had ordered the creation of a police unit to "make disappear" at least 30 his political opponents. (For background, see THE NIS OBSERVED, 1 Aug 01) Shortly thereafter and in advance of a G-8 summit, the chairman of the US Commission on Security and Cooperation in Europe sent a letter to President George W. Bush about the matter. "We call upon you," US Representative Christopher Smith (R-NJ) wrote, "to encourage our G-8 partners, including President Putin, to press the Belarusian authorities to conduct a complete and transparent investigation of the disappearances." He also called for the "release of political prisoners" and asked that Lukashenka be pressured to ensure the 9 September 2001 elections were "free, fair and transparent." (SMITH LETTER, 8 Jul 01; via www.csce.gov) Unfortunately, his letter received no public response. Western leaders took no note of the situation in Belarus. And, despite the fact that Russian President Vladimir Putin is closely linked to Lukashenka through the Russia-Belarus Union, it seems that the Russian president was not questioned about the situation.

Not surprisingly, the September 2001 were not free, fair or transparent, according to the Election Observation Statement of the OSCE and Council of Europe. The monitors criticized "a campaign of intimidation directed against opposition activists, domestic observation organizations, opposition and independent media, and a smear campaign against international observers." (ELECTION OBSERVATION MISSION STATEMENT OF PRELIMINARY FINDINGS AND CONCLUSIONS, 10 Sep 01) Not surprisingly, this announcement also garnered little attention, except of course from Lukashenka, who railed against "Western provocations." But the Belarusian president should perhaps have been pleased. The statement on the presidential election was a significant improvement from the one regarding the parliamentary elections held the year before. Then, the
OSCE found the country did not even meet the minimal standards necessary for it to send election observers.

Today, Belarusian authorities have once again arrested and put on trial Lukashenka's last remaining nationally known political opponent, former Prime Minister Mikhail Chyhir. With this current trial, Chyhir sets his own special record -- he has been arrested and tried once every year for the last three years. This year, though, he has a partner; authorities also have jailed his 26-year-old son, Aleksandr.

Unfortunately, the AMG is unable focus on such events now, given the two-person skeleton staff remaining in the country. What is important to note, however, is that even though Western leaders may not miss the AMG's information -- since they often ignored it anyway -- democratic activists inside and outside Belarus will. It is they who have long depended on the AMG's support. OSCE/AMG assistance was essential, for example, to opposition political parties attempting to withstand Lukashenka's pressure tactics during the 2000 parliamentary elections. Indeed, within Belarus, the loss of the AMG will be a sharp blow for those attempting to oppose Lukashenka's ever-increasing dictatorial methods. In a country largely cut off from the West, the small AMG office is important, not only for its physical, but also its psychological significance. One hopes -- although it seems unlikely -- that the international community will recognize this and do what is necessary to return the AMG to full strength.

Newly Independent States: Caucasus
By Miriam Lanskoy

GEORGIA
Anti-GUUAM still at it
Occasionally there are hints of substantial coordination among the leaders of the rebellious entities that threaten Georgia, Azerbaijan and Moldova. On 20-22 November 2001, the "foreign ministers" of the rebel entities -- Nagorno-Karabakh, Abkhazia, South Ossetia and Transdniestr -- met in Tiraspol to coordinate their policies and issue joint statements. According to OSCE sources, such meetings have been held on several other occasions in the past, including one meeting roughly a year earlier, with representatives of the same separatist entities participating. The meeting was held in Moscow and may have included consultations with representatives from the Russian military and the Duma.

Now, however, we have it from the horse's mouth. On a visit to Moscow, Abkhaz Vice President Valery Arshba told military paper Krasnaya zvezda that "we can talk about a certain coordination of steps with South Ossetia, Transdnestria, and Nagorno-Karabakh ... With the election of the new South Ossetian president, we definitely know that South Ossetia and Abkhazia have the same aims in relation to Georgia." (INTERFAX, 0754 GMT, 29 May 02; FBIS-SOV-2002-0529, via World News Connection)

How do Chechens travel from Pankisi?
So much attention has been focused on the Chechen-Georgian border that it has become rather difficult to cross -- apart from the dangers inherent in the tricky mountain passes, the Russian airborne are guarding the border, the OSCE monitoring mission is surveying the area, and journalists are traipsing about the area. It is far easier to cross the border in another location and then make one's way to Chechnya. The obvious choice is South Ossetia, which has a customs-free regime with Russia. In a recent interview with Novaya gazeta, a Chechen refugee in Pankisi revealed that this is precisely the preferred route to return to Grozny. "People take the minibus to Vladikavkaz. A seat costs 100 lari ($50). A family would require a whole minibus which is $600. For the people here this is a huge sum. Plus traveling from Vladikavkaz to Grozny can be difficult and dangerous." (NOVAYA GAZETA, 6 Jun 02)
Local elections: a road map for the succession?
The major figures in Georgian politics used the 2 June local elections to launch their campaign for Georgia's post-Shevardnadze transition. Parliamentary elections next year will set the stage for presidential elections in 2005. Analysts in Georgia and abroad are looking to the results of the local elections to formulate and analyze strategies for the parliamentary and presidential races. On the positive side, the local elections prove that there is genuine political pluralism in Georgia. On the negative side, the elections also show that there are deep and persistent rifts in society which can threaten democratic transition. (Jaba Devdariani, "Reformists Vie to Establish Power Base in Georgian Local Elections," EURASIANET, 29 May 02, and Giorgi Sepashvili and Nino Kutsidze, "Political Parties Position Themselves for the General Elections," CIVIL.GE, 31 May 02)

Russia's transition illustrates the potential pitfalls. Russia's first president set a precedent of sorts by "managing" the succession to a new president. Pressed by an impeachment drive in a hostile parliament, international corruption probes into his family and administration, and the defections to the opposition of two successive prime ministers (Yevgeni Primakov and Sergei Stepashin), Boris Yel'tsin decided to protect himself. Hence, he ceded power to an agent of the security services, who had guaranteed the Yel'tsin clan immunity from prosecution. Then, an internal war galvanized popular opinion around Yel'tsin's chosen successor, Vladimir Putin. As a result of the "managed" transition, the security services enjoy a degree of power in Russia that is unparalleled even in Soviet history.

The danger is that in the coming years the aging Presidents Eduard Shevardnadze of Georgia and Haydar Aliev of Azerbaijan, with society increasingly alienated, may find themselves in Yel'tsin's situation. Moreover, because they preside over small, weak states bordering on Russia, an election
that is seen as "managed" through insider deals will leave the successors even more vulnerable than the current presidents. Over the last two years Ukraine’s President Leonid Kuchma has demonstrated that even a legitimate leader becomes very vulnerable to Russian pressure if he is seen as coercive at home. This is doubly true of Georgia: If a candidate comes to power through coercion and deception, he will be Putin’s plaything.

In this context, the significance of the local elections is that they point to a way out for Georgia. The best scenario is one by which over the next two years the president and the reformist opposition back away from confrontation. Although the elections were hastily planned, chaotic and in some cases fraudulent, the manifest presence of several reformist, independent, and thoroughly patriotic parties means that there is room to maneuver in the runup to the parliamentary elections. The fluidity of current alignments suggests that a popular, independent, and reformist government can be achieved. To ensure this outcome, the most outspoken government critics must moderate their comments. [In fact some Georgian intellectuals have issued calls on all parties to lower the rhetorical flourishes -- which are becoming personal and in some cases ethnic (for example, the statements of Areshidze, Giorgi Sepashvili and Nino Kutsidze).] For their part the authorities must foreswear coercion and intimidation.

The fact that even in wealthy Tbilisi neighborhoods many voters were omitted from the lists testifies to the chaotic organization. (Irakly Areshidze, "Early Review of Georgia's Elections," 5 Jun 02; via irakly@psigeorgia.org) In one town, Rustavi, all the ballots were stolen by armed men before they could be delivered to polling stations. In another location, the ballots did not arrive on time and the election was postponed. The abysmal lack of organization rather than vote-rigging was the main source of complaint. Most parties and analysts attributed this problem to the fact that the elections were announced in April, which gave the Central Electoral Commission only one month to plan and organize.
The alliances among parties and their relative standing may change considerably over the next two years. Moreover, the results for most regional polls have not been announced. However, it is warranted to use the results of the elections to the Tbilisi legislature to identify the major factions in Georgian politics, because the parties campaigned aggressively in Tbilisi and the leaders treated the event as the start of the succession battle. The speakership of the Tbilisi legislature will be a podium for a presidential bid.

Labor Party: (26%) The surprise front-runner party is led by Shalva Natelashvili. At the party's third congress last month, the program called for nationalization of certain key industries as an alternative to oligarchic capitalism. The party also calls for direct elections for regional executives (gamgebeli, who are presently appointed by the president) and moving up parliamentary and presidential elections to 2002. (SARKE, 1 May 02; via ISI Emerging Markets Database) Natelashvili has been highly critical of Shevardnadze, and has better "outsider" credentials than any of the other reformers who have all held top government positions recently. Some say that the Labor Party -- which is personality driven and lacks a regional structure -- will fizzle out before the parliamentary elections. (Jaba Devdariani, "Chaotic Local Elections Yield Dubious Results in Georgia," EURASIANET, 4 Jun 02; ISI Emerging Markets Database) It's not clear with which parties Labor will align in the Tbilisi legislature, but it is certain that Natelashvili is the big winner who will be courted by the other factions.

National Movement: (24%) The party of former Justice Minister Mikhail Saakashvili is aligned closely with Zurab Zhvania and the two leaders have made joint declarations calling for Shevardnadze's resignation. Saakashvili resigned from the government last summer, accusing the present leadership of failing to adopt sufficient measures to fight corruption. Since then, Saakashvili has emerged as one of the loudest challengers to the present government. On 29 May, he flew to Strasbourg, the seat of the European Court, to denounce the election as fraud -- three days before the elections. Hence, few were surprised
when he demanded a recount of the Tbilisi race and alleged that the balloting had been rigged.

New Rights: (12%) Unlike the other parties, New Rights is not positioning itself against Shevardnadze but against his loudest critics, Zhvania and Saakashvili. Levan Gachelizade, one of the founders of the party, is the arch rival to Saakashvili. The most bitter personal attacks were exchanged between the leaders of New Rights, National Movement, and Zhvania's team. The New Rights party is by no means a presidential party, but it has maneuvered successfully to pick up deputies from the nearly defunct Citizen's Union of Georgia to establish itself firmly in the Georgian parliament. The leader of the parliamentary fraction is David Gamkrelidze, while Levan Gachelizade is expected to make a bid for the speakership of the Tbilisi City Council. (Irakly Areshidze and Paata Chakhnashivili, "Georgian Local Elections Will Reshape Country's Political Landscape," EURASIANET, 6 Jun 02)

Christian Conservative Party - Zhvania's Team: (8%) Former Parliament Speaker Zurab Zhvania headed the presidential party, the Citizens Union of Georgia (CUG), but has moved into the opposition, particularly since the student demonstrations in Tbilisi last fall. Due to his rift with the president, Zhvania's CUG was denied registration at the last possible moment. The Christian Conservative party which had registration but did not expect to perform well invited Zhvania's party to run on its slate. The maneuvering cost Shevardnadze prestige and in the end failed to disqualify his rival. Zhvania is expected to form a close alliance with Saakashvili's National Movement. However, it's not at all clear that either of these sparkling personalities would endorse the other for the Tbilisi speakership (or for president).

Industrialists: (7%) Founded by Gogi Topadze, this upper-class party is expected to work closely with the New Rights party. It is extremely wary of the calls for nationalization of certain industries that are coming from the Labor Party.
Revival Party: (6%) This primarily regional party is led by Ajaria's President Aslan Abashidze, who has relied on the Russian military presence in his republic to assert himself against Shevardnadze. Abashidze was the main contender against Shevardnadze in the last presidential elections. The poor showing dampens Abashidze's presidential ambitions. Local elections will be held in Ajaria on 16 June, hence the party's performance in its stronghold cannot be determined at present.

Unity: (4%) The pro-Russian and aptly named "Unity" party barely cleared the 4% hurdle for city council representation. Its leader, Djumber Patiashvili, is the Soviet-era party boss who presided over the 9 April 1989 massacre of unarmed student demonstrators in Tbilisi, which inspired the democratic movement to call for Georgian independence. Patiashvili signed a cooperation agreement with Putin's Unity party in Moscow on 5 June. (RFE/RL NEWSLINE, 7 Jun 02)

Citizens' Union of Georgia (CUG): (3%) Led by Levan Mamaladze, the rump presidential party succeeded in forcing Zhvania to run with a different party affiliation. The party name did not help very much, however, since its candidates did not manage to clear the 4% hurdle for the Tbilisi City Council.

Newly Independent States: Central Asia
By David Montgomery

KYRGYZSTAN

Clan influence on political instability
The 22 May resignation of Kyrgyz Prime Minister Kurmanbek Bakiev and the subsequent legally mandated dissolution of the entire cabinet have left President Askar Akaev searching for both local and international support of his rule. Bakiev's resignation came in response to the May protests and unrest which
reflected the north-south division within the country. As suggested in THE NIS OBSERVED (22 May 02), the initial causes of the most recent protests were: 1) the upcoming report on the 17-18 March riots in Aksy in which five persons were killed and around 90 were injured; 2) the criminal proceedings against the parliament deputy Azimbek Beknazarov from the southern Jalal-Abad region; 3) the sentencing of opposition leader Felix Kulov; and 4) the cession of land to China. Examining the issues more closely, however, reveals the magnitude of the threat to the Akaev leadership and gives insight to the political stability of the country.

All of the above-noted developments enabled the political opposition to capitalize on its efforts to weaken Akaev's control of power and resources. The opposition seized on the 17 May 2002 ratification, by the upper house of the Kyrgyz parliament, of the Kyrgyz-Chinese border delimitation agreement that had been signed in August of 1999 by Akaev and Chinese leader Jiang Zemin. The actual agreement resolved the issue of the Uzeng-Kuush river area which had been under negotiation between the Soviet Union and China from 1964-1991. (INTERFAX, 0951 GMT, 17 May 02; FBIS-SOV-2002-0517, via World News Connection) While the mountainous region under dispute is non-arable and sparsely (if at all) inhabited, 70 percent remained with Kyrgyzstan and 30 percent was ceded to China.

In combination with the Aksy riots of 17-18 March, the Uzeng-Kuush land issue added legitimacy to the protesters' blockade of the Osh-Bishkek highway and gave momentum to the opposition movement. The tensions, however, are largely fueled by clan-based disagreements over the equitable distribution of power. Akaev is from the Sarybagysh clan, a northern clan that predominately controls the key positions of government -- filling the ministries of internal affairs, state securities, and finance, as well as the president's chief of staff -- whereas southern clan groups such as the Ichkilik include Beknazarov and other prominent opposition figures. (EURASIANET, 5 Jun 02; via www.eurasianet.org)
Adding to the resentment caused by inequitable representation, some Uzbeks living in the southern part of Kyrgyzstan, who find themselves outside of Kyrgyz clan politics and without access to the control of power, are reported to be channeling their frustrations through "unsanctioned religious groups, especially the Hizb-ut-Tahrir" (IBID.) that seek to establish an Islamic caliphate in the southern regional center of Osh. ("Khabar" Information Agency/Kyrgyzstan Press-Club, 28 May 02; via ISI Emerging Markets Database) On 28 May, two members of Hizb-ut-Tahrir were arrested in Osh (IBID.), and certainly the danger of religious/political extremism is felt throughout the Ferghana Valley region.

Realizing the threat to his leadership, Akaev has attempted to reshuffle his government and to appease members of the strongest opposition groups. Bakiev was replaced by Nikolai Tanaev, an ethnic Russian and someone outside of clan affiliation, as interim prime minister. (EURASIANET, 31 May 02; via www.eurasianet.org) After the cabinet's resignation, moreover, Akaev expressed his desire to consult with opposition leaders in parliament. These offers were rejected by the communists and the results of meetings with other factions were not disclosed, though it is assumed that the most likely candidate to replace Tanaev is Naken Kasiev, governor of Osh region. (ITAR-TASS, 1410 GMT, 27 May 02; FBIS-SOV-2002-0527, via World News Connection)

In addition to speaking of greater political inclusion, there have been other conciliatory actions which indicate an attempt to appease the protestors. On 24 May, two days after the resignation of Akaev's cabinet, the one-year court sentence against Beknazarov was changed to time served (though provisions in Kyrgyz law forbid individuals with criminal records from holding positions in parliament). (EURASIANET, 31 May 02; via www.eurasianet.org, and INTERFAX, 0935 GMT, 3 Jun 02; FBIS-SOV-2002-0605, via World News Connection) The following week, in a radio interview, Akaev confirmed that he
would "not stand in the next presidential election [in 2005] and is not grooming a successor." (KYRGYZ RADIO, 1505 GMT, 31 May 02; BBC Monitoring, via ISI Emerging Markets Database)

Furthermore, Akaev is looking abroad for support and external legitimacy for his presidency, drawing upon relations with the West (the US and allied forces which have over 2,500 troops at Manas Airport in Bishkek) and Russia (with which he recently signed a Treaty on Friendship and Cooperation) to secure his control of the country. (ITAR-TASS, 1013 GMT, 30 May 02; FBIS-SOV-2002-0530, via World News Connection) As of yet, however, he has not successfully negotiated internal tensions of power-sharing which fall heavily along the north-south division of clan groupings. It is unclear whether the reshuffling of the cabinet will be sufficient to appease the southern opposition, thus leaving Akaev either to search for ways to work with the southern clans in sharing power, or to follow the path of other Central Asian leaders by controlling opposition in a more heavy-handed fashion. It is largely upon this question that the political stability of the country will depend.

Newly Independent States: Baltic States

By Michael Varuolo

Baltic NATO aspirations gain a boost

The Baltic states received another boost to their efforts to obtain an invitation to join NATO, when on 28 May the NATO Parliamentary Assembly (PA) voted to support the inclusion of the seven aspirant countries during the November Prague Summit. (NATO PRESS RELEASE, 28 May 02; via www.nato-pa.int) Although NATO's Parliamentary Assembly operates independently of the alliance, its support is crucial to the enlargement process. In addition to their inclusion in the assembly statement, the Baltic states can draw reassurance from further emphasis by the chairman of the PA's Political Committee, Peter Viggers,
who asserted that "NATO remains open to all European democracies, regardless of geography" -- a statement that should further dispel any concerns of Baltic exclusion due to their status as former Soviet republics or due to Russian sentiment concerning the region.

The assembly's support was reinforced further by the US Senate's passage on 17 May of the Freedom Consolidation Act, which allows for the distribution of over $55 million to NATO aspirant countries. (ETA, 20 May 02; via ISI Emerging Markets Database) Of this amount, the Baltic countries will receive $21 million to implement their Membership Action Plans and force modernizations. (BALTIC NEWS SERVICE, 18 May 02; via lexis-nexis) The additional funding represents a significant increase in defense spending opportunities for the Baltic states.

Despite the news, there is a demonstrable reluctance in Lithuania to assume the NATO goal has been reached. The secretary of the foreign ministry, Giedrius Cekuolis, noted that although the legislative branch in the US has clearly demonstrated its support for the Baltics, Lithuania must continue to prepare for the Prague summit by completing its Membership Action Plan and by further coordination of defense-related issues with the other NATO aspirants. (BALTIC NEWS SERVICE, 20 May 02; via lexis-nexis)

Estonia was even less reluctant than Lithuania to rejoice over recent events. The amount of funds designated for Estonia is in excess of 100 million Estonian Kroons (EEKS) and represents a substantial boost to the country's current defense budget, which is approximately 1.6 billion EEKS. (BALTIC NEWS SERVICE, 24 May 02; via lexis-nexis) However, this is not deemed to be sufficient to increase the pace of Estonia's modernization plans. On 24 May, the head of the Estonian parliament's national defense committee, Tiit Tammsaar, warned that the decision by the US Senate to allocate funds to Estonia for defense expenditures does not necessarily imply the arrival of modern weaponry
for the Estonian defense establishment. (BALTIC NEWS SERVICE, 24 May 02; via lexis-nexis)

This was reinforced by Estonian Defense Minister Sven Misker, who a week later outlined Estonia's modernization program. He stated that the cost of armaments was a significant planning factor and that "if [the funds] don't suffice for everything the priorities have to be soberly reviewed and only the essentials bought." (BALTIC NEWS SERVICE, 30 May 02; via ISI Emerging Markets Database)