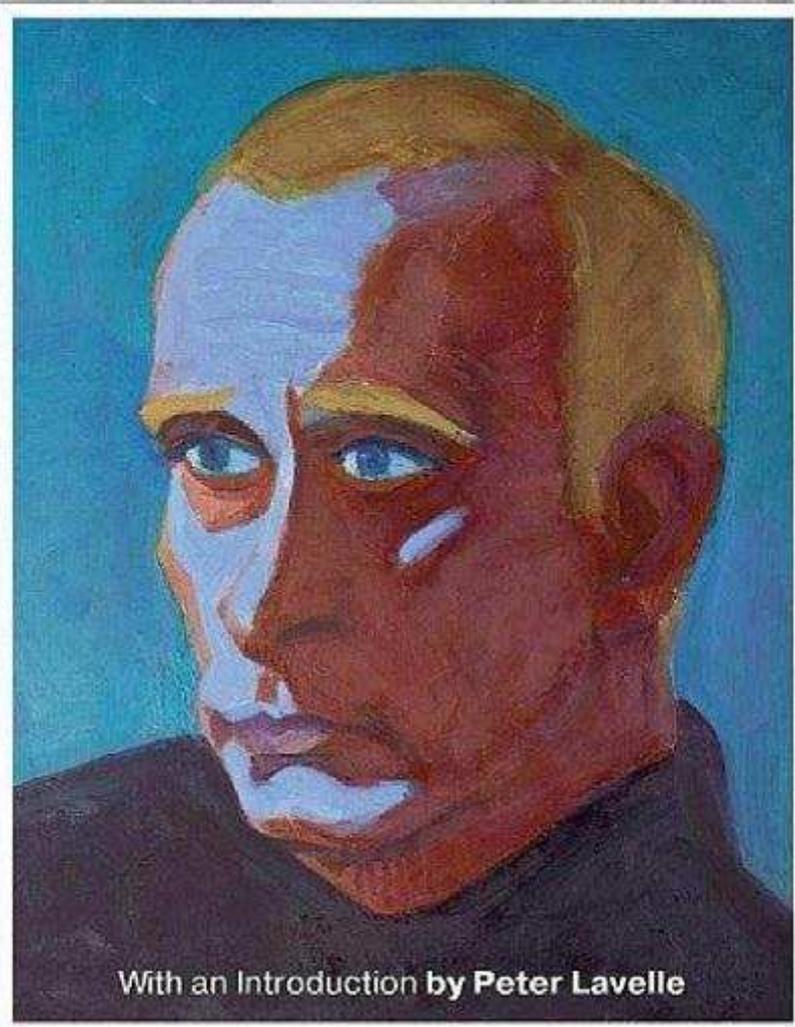


# PUTIN'S NEW RUSSIA

Edited by:

**Jon Hellevig and Alexandre Latsa**



With an Introduction by **Peter Lavelle**

Contributors:

**Patrick Armstrong, Mark Chapman, Aleksandr Grishin, Jon Hellevig,  
Anatoly Karlin, Eric Kraus, Alexandre Latsa, Nils van der Vegte, Craig James Willy**

**KONTINENTUSA**

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This is a book authored by independent minded Western observers who have real experience of how Russia has developed after the failed perestroika since Putin first became president in 2000.

Common sense warning: The book you are about to read is dangerous. If you are from the English language media sphere, virtually everything you may think you know about contemporary Russia; its political system, leaders, economy, population, so-called opposition, foreign policy and much more is either seriously flawed or just plain wrong. This has not happened by accident. This book explains why. This book is also about gross double standards, hypocrisy, and venal stupidity with western media playing the role of willing accomplice. After reading this interesting tome, you might reconsider everything you “learn” from mainstream media about Russia and the world.





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# **Introduction: Deconstructing the Russian Instagram**

**By Peter Lavelle**

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Common sense warning: The book you are about to read is dangerous. If you are from the English language media sphere, virtually everything you may think you know about contemporary Russia; its political system, leaders, economy, population, so-called opposition, foreign policy and much more is either seriously flawed or just plain wrong. This has not happened by accident. This book explains why. This book is also about gross double standards, hypocrisy, and venal stupidity with western media playing the role of willing accomplice. After reading this interesting tome, you might reconsider everything you «learn» from mainstream media about Russia and the world.

*Putin's New Russia* not only provides a more balanced view of Russia's post-Soviet history, but it also shames the vast majority of western journalists (though not all by a long shot) who have covered Russia over the past two decades, and the so-called «expert Russia watchers.» These are two circles of people who reinforce the same tired and fundamentally flawed interpretation of just about everything related to Russia. Both claim to inform, but what they really do is advocate for a kind of Russia that represents their own values (sic!) and interests, which they claim should be universal. Russia and Russians are rendered irrelevant in this endeavor – deemed as a zombie-state and victims respectively, denied any form of historical agency. The contributors to this book contest this and do not treat Russians as trivialized collateral damage in the service of someone else's mission. In my opinion this is the over-riding reason to read this book.

Most «expert Russia watchers» are ideological hacks and opportunists with an institutional incentive to make Russia, particularly the person of Vladimir Putin, into one of the world's bogeymen. They also come from the American and allied intelligence communities. Their worldview holds that the Soviet Union lost the Cold War and must kneel to American global hegemony. The worldview employs lofty rhetoric such as «democracy», «human rights» and «civil society» as a front in the service geopolitical advantage. (How many Russia watchers and journalists ever raise these same issues with Washington and its NATO allies when it comes

to the Arab Middle East and the disgraceful illegal occupation of Palestinian lands, not to speak of western support of medieval regimes on the Arabian Peninsula)?

Needless to say, Russians, including Putin, don't see things this way and for many very good reasons. In the following pages the reader will learn what Russians actually think of their country and the world. You will be surprised by the lack of professionalism of western journalists and the spectacular cynicism of western policy makers.

While journalists come and go from Russia one thing appears constant – the propensity to judge Russia and Russians instead of trying to understand both. The tone and tenor of most stories filed by the western commentariat on Russia is a pathetic mixture of condescending arrogance and lazy fact checking. From what I can tell, most of the western media circuit resident in Russia enjoys their posting – particularly Russian «re-pats.» Here they can practice what I call «feel good journalism.»

Most come to Russia with a mission: to save Russia from «powers of evil» and to side with the «righteous.» It is not mentioned often – though it is in this volume – that a great deal of western journalists championing «down-trodden Russians» in the face of «Putin's authoritarianism» are in fact translated into the Russian language for Russia's vibrant online community to read and judge for itself. And the reaction? Well, to be polite, western journalism is laughed at and ridiculed by the same people western journalists claim to champion.

Why hasn't the western media circuit resident in Russia ever written about this? The answer is obvious: it would be at variance with the narrative of Russia being on the wrong side of history and would expose that most western journalists in Russia are nothing more than intellectual airheads – mediocre writers with shaky knowledge of history and simple logic.

Readers will learn that the Russians themselves are quite good at writing their own history without western and outside interference. Western journalism on Russia is an occasion for comic relief for many Internet users getting on with their lives in a country that faces many of the same problems as their western peers. Though there is an important difference – Russia is working toward a future of growth and opportunity as the west downsizes.

I have lived in Russia for 15 years and in my experience the perception of Russia found in western mainstream media and rightwing think-tanks is very much akin to today's tech gimmick known as Instagram – a snap shot is taken, only later to be subject to a digital filter. Such filters allow for any kind of distortion a journalist and/or editor chooses. The filter most often employed is one that transforms an image into black and white. That is exactly what the «Russian Instagram» is – sharp contrasts that obliterate subtly and nuances. Said differently, the west's «Russian Instagram» denies moderation and soft textures of everyday life, as well as colorful daily and ordinary struggles.

This is simply wrong and dishonest. Russia is a country slowly but surely grappling with its transition from Soviet communism and all the baggage this entails. All the «advice» coming from the west during the 1990s only made things worse for the average Russian. Today the vast majority of Russians are getting on with their lives and more and more speaking out the kind of future they want. This is as it should be in any young democracy. But the best democracies are grown from within and without a foreign and not so disinterested chaperone.

Lastly, the contributors to this volume are among the group I call the «coalition of the unwilling.» They are unwilling to compromise and kowtow to the dominant western narrative of Russia. Those of us who have lived in and watched Russia over the years have learned to trust Eric Kraus, Patrick Armstrong, Jon Hellevig, Alexandre Latsa, Mark Chapman, Anatoly Karlin, Nils van der Vegte, Aleksandar Grishin, and Craig James Willy. Not only are the contributors careful researchers and brilliant writers, they also have impressive political wit.

When the reader has finished these fine essays the west's «Russian Instagram» will stand in tatters and be seen for what it is – a cheap gimmick and a fraud.

Peter Lavelle

Moscow, Russia

August, 2012

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## **Eric Kraus**

Eric Kraus came to Moscow to peddle equities «for a year or two» in 1997 and somehow never left. He has served as Moscow head of fixed income for Dresdner Bank (RIP), managing director/chief strategist for Uralsib and Sovlink, and since 2007, manages assets for Russian industrial interests.

As a strategist, he has made very successful career in debunking the egregious misinformation about Russia retailed by the tame Western press, allowing clients to profit hugely by trading against the misconception, bias, and frankly, propaganda in the media. His newsletter/website – Truth and Beauty (and Russian finance) is considered a must-read in Russian financial circles [www.truthandbeauty.ru](http://www.truthandbeauty.ru)

## Through Western Eyes – Russia Misconstrued

This article was originally published on the website Truth and Beauty<sup>1</sup> in October 2011.

\*

*«In Russia, even the past is unpredictable».*

*Rene De Obaldia.*

As I queued in Paris clutching a one-way ticket to Moscow, Russia circa 1997 seemed to offer infinite promise – adventure, exoticism, even some sex...cash too – and especially, an escape from the stultifying boredom and bureaucracy of old Europe into the wildest frontier of global finance. Only the blind or hopelessly retrograde could fail to see that this young country was throwing off the shackles of Communism, striding boldly into a brave new world. On the emerging markets debt desk in Paris, while extending bounteous repo credit to the «best» Russian banks, and brokering Soviet and Russian bonds to our more adventurous clients, we had made sport of our obstructive but dim-witted compliance officers, filling our personal accounts with Russian bonds and equities. But the real action was on the ground in Moscow – and what did I have to lose?

Two weeks later, flagging down a gypsy cab on the Sadovoe Koltso for a ride to the investment conference at the Mezhdunarodnaya, a Soviet-era hearse pulled up, offering me a ride for a modest 30 roubles. While the omen was initially lost upon me, that afternoon I was dragged out of yet another stultifying Gazprom presentation by my friend Adam, calling from London with the news that the Hong Kong market was melting down. «Adam», I replied, «sorry to hear that – but why am I supposed to care? I'm at a Russia conference...» *By the end of that afternoon, I had realized why I should care...*

Great bubbles live in mortal terror of little termites – catalysts that ultimately trigger their demise. The Asian crisis was the pebble that triggered a Russian avalanche – a classical debt crisis terminating with refinance rates spiralling out of control; Russian financial markets went into a tailspin, ultimately crashing by more than 90%, as rates on government debt went ballistic, repeatedly cresting

at well over 100% per annum. I seemed that I had bought myself a ring-side seat for the end of the world – but alas, that seat was well inside the ring!

### **Shock therapy**

The decline of the Soviet system mirrored the failure of other great historical empires – from Persia and Rome to the Hapsburgs and the Ottomans : all were characterized by the inability of an all-powerful centre to micro-manage an increasingly complex and diversified periphery while containing the inevitable centrifugal forces. Gorbachev's misguided attempt at stepwise reform of the socialist system – gradually loosening political control while maintaining tight command over the economy – was an objective lesson in how not to reform. Unlike China, which allowed the gradual development of a parallel private economy under the ridged political oversight of the Communist Party, the collapse of the Soviet Union and the dismantling of its command structure amounted to simply ripping out the control unit, allowing the decerebrated body to reorganize itself as best it could in what was to become a grotesque parody of Adam Smith liberalism.

The economic systems of our developed countries function not in some stellar vacuum based on the abstract, mechanical workings of free-market dynamics, but rather within a framework developed over decades if not centuries: an extensive body of legislation, business practices, regulatory bodies, and most vitally, a complex system of checks and balances against the depredations of unconstrained capital – a robust civil society, political parties representing competing economic interests, labour unions, a relatively independent judiciary and in the best of cases, a diverse (if not precisely «free») press.

Russia, of course, had none of these. Soviet legislation was grotesquely unsuited for the workings of a liberal economy. The press was openly controlled by a handful of oligarchs, with journalists bought and sold like cattle. Government regulators were ineffective in the best of cases, available for rental in the remainder. Political parties served the economic interests of their owners. By the middle of the decade, a small group of men had – by means fair or foul – succeeded in gaining control of the only truly value-accretive sectors of the Soviet economy, the natural resources exporters, while creating a banking system which lived by

parasitizing the State. In the absence of any substantial countervailing powers, the oligarchs could buy, bribe, or upon occasion, shoot away any attempts at constraint – only after the inevitable crisis, with the rise of Vladimir Putin was there to be a counterforce powerful enough to break the political stranglehold of the oligarchy.

### **Cheering from the Cheap Seats**

With the wisdom of hindsight, the system was bound to fail – yet all men live in hope, and the late 1990s was a heady time. Supporting our naively bullish views, the Western press could hardly have been more enthusiastic. Anglo-Saxon audiences love tales of virtue triumphant – preferably with a simple storyline. They are imbued with a profound conviction that their own specific socioeconomic model is the only one conceivable, indeed, that the success of any political transformation can be measured by how closely it approximated the Chicago model<sup>2</sup>.

Thus, the *FT* and the *Economist* competed in their praise for the bold steps taken by Yeltsin and his Young Reformers. Yes, there were lurid tales of oligarchic excess, and some passing reference to the inconveniences endured by the old and the sick, by disenfranchised factory workers and unpaid teachers – but surely, these short-term inconveniences were a price well worth paying for Russia's emergence as a fully-fledged member of the modern world.

Perhaps not coincidentally, these were happy times in Brussels and Washington – so much so that, in one (unintentionally) comical footnote to the era, Francis Fukuyama echoed Hegel's elevation of Prussia to the pinnacle of history with his «*The End of History*» thesis, only designating the American model as the true «*final synthesis*.» While history has not been kind to his predictions, they fit well with the triumphalist mood of the time (the secular rise of China was then still a couple of decades in the future.)

Seen from the Russian perspective, matters looked rather different. The Soviet Union had not been defeated in war, nor had the Communist regime been overthrown by violent revolution. The Soviet Union had voted itself out of existence with barely a struggle, and the successor state – Russia – saw itself not as a defeated power but, at worst, as a repentant one. Poor trusting bears, first

Gorbachev, then Yeltsin, accepted assurances of lasting friendship from their erstwhile rivals of the West at face value. While their naïveté now seems remarkable, in the context of the times, it was perhaps understandable: given that the Soviet Communism which they had battled was clearly an evil, they could only assume that the opposing force, Western Democracy, must by nature be equitable, beneficent and disinterested.

They were to be bitterly disappointed – like every successful political system, Western democracies are structures designed for the exercise of power in the furtherance of the interests of their stakeholders. The temptation to take advantage of the weakness of an old rival to gain permanent ascendancy proved to be irresistible, and despite Clinton’s assurances that NATO would not extend eastward to fill the vacuum left by the departing Soviet forces, within a few months Yeltsin found himself staring across the border at former satellites now occupied by a potentially hostile military alliance. There was precious little he could do.

In public, Russia was welcomed as a full partner – even offered a chair at the G-7; her interests were treated with respect, provided only that they coincided with those of the Atlantic Alliance. When NATO began bombing Serbia absent a UN mandate, Russian protests were met with ill-disguised scorn. The public narrative was one of reconciliation – the subtext was a tale of victory and neutralization. History is written by the victors – with the pen wielded by their tame, compliant press.

### **Something Rotten in the Kingdom of Muscovy**

Back in Moscow, the reality seemed somewhat less cheerful than I had been led to expect. Alongside the bitter cold and the impossible language, something else was seriously amiss: Moscow was poverty-stricken, yet prices were higher than Tokyo or London; the stores were well-stocked, but there was literally nothing Russian-made on the shelves – even the water came from Finland. While the foreigners had dollar signs in their eyes, the Russians were almost uniformly pessimistic – either their tragic historical experience had blinded them to the wonderful things that were now happening, or they knew something we didn’t. Born and raised in Latin America, I thought I recognized a pattern, and regretfully opted for the latter option. My prediction that *«this would all end in tears»*

was disdainfully dismissed by my more experienced peers – I sincerely hoped that they were right.

My first domicile – Chystie Prudye was a good quarter by Moscow standards, the housing stock partly comprised the old *kommunalkas* – squalid, communal pre-revolutionary apartments occupied by a half-dozen families sharing a common kitchen and bathroom – in part by recently privatized flats remodelled by the tiny emergent middle class. Yet, one sought in vain for the «green shoots» of economic revival: coffee shops, popular restaurants, the sort of small-scale activity that was by then endemic in Prague or Warsaw. There was a single coffeehouse, a couple of oligarchic clubs, and a handful of Soviet-era food stores – well stocked with shockingly overpriced Western goods, but nary a barber shop nor a fast food joint in sight.

Most disturbingly, on my morning walk to the office I never encountered fewer than four or five old ladies trudging through the snow, wrapped in rags, picking through trash containers in search of glass bottles to recycle for a few kopeks apiece. These were not the bag ladies familiar to denizens of Paris or Los Angeles – they were neither marginal nor were they obviously mad. They were decent folk who had believed in their Soviet system precisely as their Western counterparts believed in their own – who had gone to work each morning in the belief that, in return for their loyalty, their modest needs would always be met: a small pension, a room in a communal apartment, cheap utilities, transport, and medical care. In the event, they had been left destitute – humiliated by one of history's occasional accidents, reduced to picking through trashcans to ensure physical survival.

The failure of the oft-predicted economic rebound six years after the end of the USSR, indeed the very visible deterioration in Russia's social and economic indicators, was met with a stubborn desire to believe in the miracle. Press coverage was a singular admixture of starry-eyed optimism – fulsome praise for that «disorderly but dynamic surge for freedom» of this new country – and human interest, yellow in tooth and claw. Alongside the enthusiastic praise for Russia's free-market experiment, there were lurid stories of murderous oligarchs and street-corner killings.

Today, it is easy to forget the refreshing transparency of the period – everyone knew who was growing fabulously rich appropriating State assets, who was on the take in mega-size, who was most likely to use «extraordinary means» to silence their opponents. The phrase «murderous oligarchs» was familiar enough to the readers – lurid tales of sex and guns sell papers, and while libel law and considerations of physical safety precluded the naming of names, the picture was clear enough. Given the total impunity of the most powerful of the tycoons, they made little effort to cover their tracks; indeed, the climate of fear surrounding several some of them proved quite convenient – it is both easier and far more cost-effective to neutralize one’s opponents by fear than by contract killings. Among the most feared and brutal of the oligarchs was Mikhail Khodorkovsky and his Menatep Group – to be resurrected some years later in the Western press as a most implausible poster-child for «Russian reform.»

Andrei Makine, noted that, «*whilst French has 26 different verb tenses, Russian has only three – a nostalgic past, an uncertain present, and a very hypothetical future.* In 1997, Moscow had a maniacal focus on the present – the past was dead, discredited, and odious; the future was a train wreck of unknown proportions; everyone jostled for position before that great feeding trough of the present, and with that complete absence of hypocrisy or political correctness which renders Russia so fatally attractive to renegade Westerners fleeing their exsanguinated countries.

The party never stopped. – as brokers, we divided up our clients between the more adventurous – who followed us into the notorious Hungry Duck, a nightclub blending equal parts of Mad Max, Walt Disney and the Marquise de Sade, while those craving the certainty of physical delivery were instead dropped at the Night Flight,<sup>3</sup> where at least we could be reasonably sure that they would not awaken 16 hours later with a splitting headache, barefoot and wallet-less, someplace in the outer suburbs of Moscow.

Investing in Russia was fun – exciting – and especially, conferred a sense of belonging to a small, exclusive club of those in the know. As the bubble grew ever greater during the summer of 1997, the early sceptics were (briefly) proved wrong by ever-rising prices; as many capitulated and bought *in extremis*, prices

reached another peak and the sky seemed the only limit. How unfortunate that the Russians had not been invited to their own party...

What is unsustainable will ultimately not be sustained, and despite a widespread refusal to believe that it could all go horribly wrong – Russia seemed too big, too important, too nuclear to fail, the laws of gravity ultimately proved compelling, and by Spring 2008, the outcome was becoming obvious.

The annual conference of our parent company, entitled «The Coming Russian Boom» was scheduled for early May. With a touch of that graveyard humour then quite fashionable in Moscow financial circles, I sent around an internal e-mail remarking that «*Loud noises in Russia are not necessarily good news.*» Management was not amused – indeed, my speaking slot was allocated to the chief strategist of a competing broker, who gave a brilliant, poetic, deeply moving speech, asserting that Russia would pay down her debts, reform her fiscal policies, striding into her shining, liberal future. Hard though my colleagues and I tried to believe him, to imagine that some Higher Force could still save us – we failed, dejectedly awaited the final paroxysm.

### **Through the Looking Glass**

By late August, it was all over. Russia had taken the nearly-unprecedented step of simultaneously devaluing and defaulting. On Tverskaya, it felt like the end of the world. The rouble was collapsing, banks had closed, costing millions their modest savings; the shops were emptying out as people converted their rapidly-shrinking roubles into tangible goods (German shampoo was a particular favourite.) Those few Russians who had recently begun to climb into the ranks of the middle-class suddenly found themselves jobless and impoverished. Colleagues were calling from abroad, waxing lyrical about the great opportunities to be found in London, in Silicon Valley (where the NASDAQ was inexorably surging from strength to strength), even in Argentina, urging me to bail out of Russia which was finished, done-for, discredited for the next twenty years at least – «Russian finance» would henceforth be the equivalent of «military intelligence» or «Australian high-culture» – simply a contradiction in terms.

I am nothing if not stubborn, and the doomsayers only hardened my resolve – I

had just arrived, and would not leave before I was damned well ready! Fortunately, in late spring, sensing the approaching storm, I had managed to land a job as Moscow Head of Fixed Income for a major German bank – a safe-haven from which to observe the oncoming carnage, and hopefully, a decent springboard for re-entering the forthcoming Russo-Russian phase. Let the others bail out – I had stumbled into Moscow almost by accident, but inexorably, I was going local.

My first week on the desk, I was invited to lunch by Ed Lucas – the Moscow Correspondent for *The Economist*, a very senior and well-respected journalist who had been on-site for ages. Surely, amidst all the sound and fury, he would be able to put events into perspective, reassuring me about the fate of my adopted land.

It proved not quite the reassurance I had hoped for. Ed authoritatively explained that the Russian rouble would collapse to 10,000/\$, the economy would contract by at least 25%, the Communist hordes would sweep through Moscow taking the Kremlin, as the Russian Federation – held together with string and sticky-tape – broke up into four nuclear-armed, mutually antagonistic sovereign mini-states. My attempts at argument or mitigation were rebuked with utter scorn; this was not a matter of opinion, it was a matter of fact – and facts brook no argument. *The Economist* was uniquely well connected within the military and had extensive contacts in the government and regions; as we spoke, the Russian Federation was in its death throes.

I left the luncheon shaken, yet convinced that Ed was wrong – or at least, badly overstating his case. Not to say that I was not afraid. In retrospect, those of us who lived through the crisis like to recollect that we always knew things would work out just fine. Of course, we knew nothing of the sort...we hoped! Like all true crises, the 1998 meltdown was unprecedented, a discontinuity – there were no guidelines – no historical references.

### **Ten Days that Shook the Author**

The great Communist demonstration aimed at clawing the Fatherland back from the speculators – Western capitalists and their Russian puppets – was scheduled for the next Friday, a splendid, crisp, sunny autumn day. To avoid the danger

of being lynched by the Communist mob, we dressed down, then headed to the Kremlin for the next instalment of John Reed's great chronicle of the Russian Revolution *Ten Days that Shook the World*.

Moscow – a city of some 19 million – had just been hit by the Mother of all Economic Collapses, yet despite the glorious weather, the demonstrators were outnumbered at least two-to-one by newly-unemployed foreign bankers, journalists and assorted adventure-tourists – all hoping to see history in the making.<sup>4</sup>

Were there 5,000 demonstrators? Perhaps. Mostly old and crotchety, these were the true losers in «Russia's Historic Transformation»: pensioners who, after a lifetime toiling in a system they had been brought up to believe in – as the good burghers of Paris believed in theirs – were suddenly and inexplicably left destitute, with their six-dollar pensions inadequate to purchase food, medicine, or warm clothes – disoriented in an alien, hostile new world; coal miners unpaid for 18 months; teachers and doctors who had watched their safe, orderly worlds crumble. They marched around in angry circles for an hour or so, listening to rabid speeches by old apparatchiks – full of resentful passion, but oddly devoid of any real hope – men trying desperately to convince themselves of what they were saying. After an hour or so we repaired to the Balchug to drink overpriced coffee and enjoy the last of the autumn sunshine, wondering how we would survive the coming months – who had coffee, who had tea, who had detergent... and could we organize a swap?

### **Best Enjoyed Cold (Revenge!)**

A few years later and it was all history; with the Eurobonds trading well above par, Russia boasted the world's best performing financial markets, both debt and equity – and best of all, this time it seemed sustainable, supported by substantial growth in the real economy. Thanks to a now-cheap currency, import substitution worked its wonders – old Soviet plants were reactivated with real things once again being produced. The popular stores were stocked with Russian-made consumer goods, while the rouble had stabilized as the budget swung further into surplus. The gradual rise in oil prices had, of course, been a godsend – but vitally, unlike in the late 90s when the proceeds simply accrued to oligarchs' foreign bank accounts, at least some of the money was now remaining in Russia.

The monthly pension of Nastya's grandmother was a princely \$85, but up from just \$6 in 1997. Russia's rebellious regions and rampaging oligarchs had been reigned in by Vladimir Putin, the primacy of the State had been reasserted, while foreign policy had ceased to be totally subservient to the interests of the West; even the local mood was improving – Russians have never been known for their starry-eyed optimism, but at least the sense of national embarrassment was gone. One could like Putin or not, but clearly he commanded respect.

I was at a journalist's cocktail party in Moscow when I heard a loud voice proclaiming something scornful about «*the Ra-Ra-Russia crowd*». It was Ed Lucas and of course he was referring to me! Sensing an easy kill, I whirled about and snarled back «*Ed, the last time we met, you told me that Russia was dead in the water*» – before reeling off his list of imagined catastrophes. To Lucas' credit, he denied not one word of it, instead acknowledging that he had said it all – and had been proved wrong ... «*but now,*» Ed intoned, «*you are going to see the real disaster,*» reeling off yet another doom-and-gloom scenario, even blacker than his previous one...and of course, no less self-assured!

And this was a moment almost of enlightenment: most people believe what they wish to believe, and ideology, like the sorceress Circe, can turn men into swine. There is little use in arguing with someone who has seen The Truth, be it religious or ideological; fortunately – in finance, we have another option – to trade against misinformation, bias, and bigotry. Those who have done so over the past decade in Russia have made out like bandits!

### **Babushki of the World, Unite!**

*(You've nothing to lose but your Eurobonds!)*

The invitation to a bankers' luncheon organized by Finance Minister Mikhail Kasyanov to explain why GKO holders were about to be hung out in the wind was most welcome. Just days before, Mr. Kasyanov had leaned on Banker's Trust to fire my good friend Adam Elstein for having told the *FT* that, were investors in the GKO notes to be reamed as Kasyanov proposed, «*foreign investors would rather eat nuclear waste than invest in Russia again!*» At the time, it seemed almost a statement of the obvious.

Widely referred to as «Misha 2%» for his rumoured propensity to participate in sovereign financial transactions for his personal benefit, Kasyanov launched into a speech explaining that Russia could not afford to repay the GKO's without causing an catastrophic inflationary spiral (indeed, it could not), but that they intended to honour their dollar-denominated Eurobonds come hell or high water. Best of all, there was a humanitarian motive behind this choice – quoth the finance minister (who appeared stone sober): *«Russia has a fiduciary duty to the European babushki and dedushki (grandmas and grandpas) who own Russian Eurobonds!»*

All around me was the sound of jaws dropping – the bankers looked at each other blankly, as if to ask *«is he mad...or on drugs?»* – and then suddenly, a little light bulb came on, and as if I was reading the subtitles, the message was clear as day: *«Gentlemen,»* he was saying, *«I have finished buying up all the bonds I could for my own account – but don't worry, there are plenty left for you, and still ridiculously cheap – you can now safely bid up the prices... after all, you don't seriously imagine that I am going to default on my own Eurobonds, do you?»*

Uncharacteristically, I skipped the dessert – rushing back to the office, my papers flying, babbling excitedly about how we could make back every penny we'd lost in the crisis by just buying the same bonds that Misha was...it really was that easy! All I needed was some credit line – say \$25m for starts. My boss looked at me pityingly (had it been mathematically possible for Frankfurt to cut our dealing line below zero, they would have done so already), so I rang our London dealing desk, excitedly imparting my newfound knowledge – and was left on hold...

Months later, on a marketing trip to Switzerland, a couple of old friends on the buy-side were good enough to take a few Rf28s, just to keep me in a job... »hell,» they figured, «at 25 cents, how much could they lose?» In fact, those who held them for a further five years made some 1500% on the trade, disproving the old maxim that «no good deed goes unpunished» (many of the others were busy buying up those new-fangled triple-A «super-safe» American subprime CDOs... guess which ones still have jobs!)

## Short Memories – When even the Past is Unpredictable

*«How do wars start? Wars start when politicians lie to journalists, then believe what they read in the press».*

Karl Kraus, 1932

Nefteyugansk Mayor Vladimir Petukhov, was losing the battle to save his city, the centre of Yukos' oil production; the oil major was paying 100 times less tax than what was paid to the City of Surgut by rival oil major Surgutneftegas. With only a single source of revenue, Petukhov's office was literally starved of cash, unable to pay salaries. Yukos executives had taken to flying in from Moscow with sacks of rouble notes, directly paying whichever municipal workers they happened to like, in effect privatizing the city. Desperate, Petukhov went on a hunger strike, appealing to Moscow for assistance. In his own words:

*I, the head of the city of Nefteyugansk, Petukhov V.A., protest against the cynical actions and murderous policies carried out by the oligarchs from OAO 'RospromYUKOS' and bank 'Menatep' in the Nefteyugansk region. In protest against the inaction of the government of the RF and the policies of suffocation of opposition to the team of Khodorkovsky M.B., which in my opinion leave no other path, I announce an indefinite hunger strike and make the following demands:*

- 1. To initiate a criminal case based on the fact of large-scale under-payment of taxes by Rosprom-YUKOS in the years 1996 – 1998;*
- 2. To remove from his post the head of the GNI [State Tax Inspectorate] in the city of Nefteyugansk Naumov L.E., and the head of the GNI of the Khanty-Mansiisk Autonomous Region Efimov A.V., and to unite the tax organs of the city of Nefteyugansk and the Nefteyugansk region;*
- 3. To activate an investigation of criminal activity surrounding the fact of the swindling of the sum of 450 billion roubles in old prices by the firms 'Rondo-S' and ANK 'YUKOS', and also the swindling by use of false promissory notes of the firm 'Eltem' in the sum of 100 billion roubles, which were issued by Rosprom-YUKOS;*

4. *To pay off the accumulated tax arrears, interest, and penalties of Rosprom-YUKOS in the amount of 1.2 trillion un-denominated roubles to the city of Nefteyugansk, using financial resources, crude oil, and oil products;*
5. *To put an end to the interference by the oligarchs from Rosprom YUKOS Menatep in the activities of the organs of local self-governance;*
6. *To conduct the process by which will be annulled the unlawful auction in the purchase of ANK 'YUKOS' by Rosprom-YUKOS, and the transfer of the government's share holding in OAO 'Yuganskneftegaz' in exchange for debts to the city of Nefteyugansk, the city of Pyt'-Ykhu, the Nefteyugasnk region, and the Khantii-Mansiisk Autonomous Region;*
7. *To restore the economic independence of OAO – production association 'Yuganskneftegaz'.*

*With hope!*

*Head of the city of Nefteyugansk, Kandidat Texnicheskii Nauk [PhD]*

*A. Petukhov (15.06.98)*

Eleven days later, on Mikhail Khodorkovsky's birthday, Mr. Petukhov was shot dead in broad daylight on his way to his office. – Yukos encountered no further opposition. Years later, interviewed by the FTs' Chrystia Freeland, Khodorkovsky claims to have been shocked when he learned the news, and to have promptly cancelled his birthday celebrations... more interesting, of course, is what he did not claim – to have immediately picked up the phone to find out who had committed this foul crime, demanding their heads upon a platter. Presumably, he already knew...

A few months later it was the turn of Yevgeny Rybin, who was suing his former Yukos associate in Stockholm arbitration court for stealing Eastern Oil. Back in Moscow, leaving an informal social gathering hosted by his Yukos ex-partners, someone stepped out of the bushes and unloaded a Markov automatic pistol in Rybin's general direction – but missed. Rybin understandably declined further social invitations, however a few weeks later his car was blown up, then sprayed with bullets, killing his driver and bodyguard and wounding a militia

officer – Rybin, the intended target, had just stepped out to bring flowers to his sister; some people are just born lucky! In a striking example of the sense of impunity with which the perpetrators acted, bullets recovered from the scene had been fired by the same weapon that had killed Petukhov<sup>5</sup> – once again, there was very little sense of mystery in Moscow as to who the perpetrators might have been.

Menatep briefly held a 10% stake in the *Moscow Times*. Though they had entered as a purportedly financial investor, soon afterwards, they began to exert pressure for more favourable coverage – when the MT resisted, Nevzlin, Khodorkovsky’s enforcer (now, convicted of murder *in absentia* and a refugee in Israel) stopped by for a quick visit. One person present at the meeting told this author that when Nevzlin left, although no specific threats had been issued, there was no doubt in anyone’s mind that they could find themselves in physical danger were they to ignore his warnings – oddly enough, no one felt inclined to put it to the test.

In early July I dropped by a dinner party at the Moscow flat of a British journalist. In attendance were reporters from most of the major Western media (including the *FT*, the *NY Times*, the *LA Times*, the *Moscow Times*, and the wires) along with the usual mix of equity sales people, bank strategists, and assorted hangers-on. When the kitchen conversation turned to the murder in Nefteyugansk there was a sense that poor Petukhov had been insanely brave to challenge Yukos, but no one thought to express the slightest doubt as to who had been responsible – indeed, anyone affirming that Petukhov’s untimely death had been a mere coincidence would have been laughed at.

Needless to say, the fact that something was «common knowledge» in Moscow does not constitute evidence in a court of law – the point here is not one of innocence or guilt – the point is the veritable epidemic of very selective amnesia that struck the journalistic community when the political winds suddenly changed and Washington’s favourite oligarch came to grief.

Perhaps newcomers can be forgiven for not realizing that pre-Putin Moscow was never the liberal paradise nostalgically portrayed, nor were the oligarchs the benevolent capitalists some would now have us believe – what is truly appalling

is that several of the Moscow veterans who are now parroting Yukos' attorney Robert Amsterdam's nauseous attempt to equate the murderous Khodorkovsky with the saintly Sakharov were present at that dinner party; having been there myself, I can affirm that the representatives of the same British press which now lionized the oligarch were no less biting critical of Khodorkovsky than were their peers.

We of the West are inordinately proud of our civil liberties, our periodic bouts of voting, our law-abiding, rule-based governments, and of course, our free and fair press. We are less likely to dwell upon the Patriot Act, the lack of real alternative political choices, nor of course on the complicity of that press in the egregious campaign of disinformation that opened the door to the illegal occupation of Iraq. Indeed, since the advent of mass media in the late 19<sup>th</sup> century, every war in every country – from the Opium Wars to the Spanish-American, from Vietnam to Kosovo, Iraq and So. Ossetia – has been characterized by the systematic manipulation and misinformation of public opinion by a press largely subservient to whatever government is in place. This is unlikely to change.

Indeed, there was something refreshingly straightforward about press manipulation in the USSR. The newspapers were told what to write – and they wrote it; everyone over the age of 14 realized this, reading Pravda with a jaundiced eye. The situation in the West is rather more complex. Much of the mass media is owned by financial conglomerates with their own political and economic agendas. Publishers sit down to dinner with senior politicians, and are briefly made to feel important – part of the inner circle. There is a thick network of think tanks – some strongly ideological, others available to the highest bidder – feeding journalists pre-packaged spin. There is huge peer pressure to conform – imagine the fate of a junior reporter who failed to remind the reader that (like George Bush Sr.) Putin had once headed the security services, or noted that he remained overwhelmingly popular with the denizens of Russia's provinces. Their readership remains absurdly credulous – given how often they have been spun, misinformed or simply lied to.

Or, as one of my Russian friends put it: *«there's only one difference between we Russians and you Westerners: we don't actually believe our own propaganda!»*

## **Bandits!**

«*We are all famous for 15 minutes.*»

*Andy Warhol*

In my second week on the desk as M.D./Head of Research, the call came from Yukos. For whatever reason, their investor relations people insisted on meeting me. My initial response – that I lacked radiation protection garb – we met with the sharp rejoinder that «*we are potentially Russia's largest oil company – and while nothing obliges you to believe us, you have to at least listen to our story!*» – fair enough, I thought, swallowing hard.

Trudging through the snow to the Yukos headquarters, I was met by their Head of IR – who refreshingly made neither any attempt to charm or to bribe me, nor especially, to deny any of their past misdeeds, however egregious. Instead, he laid out a list of promises: appointing independent directors, settling with minority investors and creditors of both Yukos and Menatep, publishing IAS accounts, paying dividends, etc. «Don't write anything now,» he admonished, «just watch to see if we keep our promises...if we do, then you should write about it!»

Six weeks later they were doing all of the right things. On the principle that if one does not believe that things ever change, one should simply not live in Russia, I drew a deep breath then issued the first official «buy» recommendation on Yukos (then trading, if at all, at about 50 cents, still suspended from its RTS listing due to conduct considered egregious even by the dire standards of the day.) Soon enough it was to prove a singularly felicitous call; as the company strategy shifted from outright theft of cash flows to pushing up its stock market valuation, the shares surged to a high of \$16.00 – a spectacular 3000% run.

Not only did the initial transformation of Yukos from oil-drenched duckling to unlikely swan provide some excellent ammunition to one struggling to sell the Russia story to foreign clients, but it proved contagious! Vladimir Putin had told the oligarchs that their past misdeeds would be conditionally forgiven, provided that they paid their taxes, refrained from further pillage of the State, and especially, stayed out of politics. Carnivores are rational beasts, and increasingly, they were shifting their focus from plundering the State to consolidating their

newly-acquired fortunes by building up stock market valuations.

While the history of oil giant Sibneft was not much prettier than Yukos, perhaps a wave of Damascene conversions had been visited upon us, and with Yukos' share price bumping up against the \$6 level, I issued a report on Sibneft, referring to them as «*former bandits*» but who had seen the light. While the b-word raised some hackles within my institution, I could argue that there is no joy in heaven like for a sinner repentant. A few months later it got better still: the company announced that it had bought 29% of its stock into treasury; rather than the accustomed dilutions, the fortunate investors in Sibneft were actually seeing a substantial «concentration» of their equity holdings... would wonders never cease?

The Russian climate seems cruel almost by design – after a long, gruelling winter there bursts an early spring – the birds singing in the branches, pale ghosts emerging from overheated apartments into the wan sunshine, a promise of summer in the air, for perhaps 48 hours when suddenly, the icy hand of winter sweeps it all away: the poor stupid birds frozen to their branches, the babushki breaking femurs on the treacherous sheet ice. Likewise, the Russian investment case rarely – if ever – advances in a straight line; within months, the Sibneft released audited accounts revealing that the same 29% stake had been sold again – information about to whom, at what price, and where the generous dividend just declared had accrued was «not publicly available!»

The market reaction was brutal – a hastily-organized Sibneft teleconference proved an exercise in the Theatre of the Absurd: the hapless IR people were «not at liberty» to reveal to whom the shares had been so sold, nor for that matter the price; ditto as regards the fate of the dividends – in fact, they could tell us nothing other than what was already in the published accounts. The call ended with the admission that «*this was not the greatest day in the history of their company*» but promising to «*do better in the future.*»

As I headed for the door for a weekend of ballet in St. Petersburg, I had just time enough to whip out a desk note acknowledging my former naiveté, stating that, while in a previous report I had controversially referred to Sibneft as «*former bandits*,» I would now have to withdraw the term «*former*»! On the way to the airport, I got a call from a journalist at the *Moscow Times*, enquiring as to wheth-

er she could quote from my report – «sure,» I replied, not quite thinking through the implications, «if I wrote it, I stand by it». Then I switched off my phone.

The next day, as an ethereal Giselle was saving her lover from the Shades, the *Moscow Times* quoted me in a two-page feature on the Sibneft scandal under a banner headline: Bandits! – Sibneft slammed for sell-off». My life was suddenly to become very interesting...

By Sunday, when I turned my phone back on, there were 57 missed calls, some unprintable SMS messages, and an order to return to Moscow forthwith. My employer had already issued an unconditional apology, surprisingly stating that my «*irresponsible remarks*» had «*compromised their reputation for objective, unbiased research*» – most entertainingly, the secretary who had forwarded the press release had omitted to white-out the original letterhead – it was sent out on Sibneft paper, with a Sibneft return address. The journalists, of course, loved it!

Shortly thereafter, as I was making my graceful exit into a very uncertain future, I could not resist the temptation of showing up at our annual Christmas party. Among the entertainment was an animal trainer leading a muzzled bear on a leash. My boss, a hapless Irishman fresh off the plane from New York, remarked upon the striking resemblance between me and the bear. «Yes, Cormac» I retorted, «but unlike him, my muzzle comes off next week!»

## **The Dark Ages**

The Yukos debacle unarguably marked a fundamental shift in foreign perceptions regarding Russia<sup>6</sup>. Absent the spin, the story is simple enough. There can be no reasonable doubt that Khodorkovsky was guilty as charged: theft of state assets, corruption on an industrial scale – in particular, the outright ownership of a large stable of Duma deputies – as well as enthusiastic participation in the wide-scale tax evasion by the mineral extraction complex that ultimately bankrupted the Russian State. At least until 1998, Khodorkovsky egregiously abused foreign investors, stripping assets and cashflows, and accumulating enormous wealth in offshore jurisdictions via shell trading vehicles.

The only conceivable defence is that «*everyone else was doing it too*». True as far as it goes, but also somewhat irrelevant – the fact that others also ran Ponzi

schemes was not deemed exculpatory for Bernard Madoff (now serving a barbaric 150-year prison sentence for crimes far less egregious) nor was Al Capone the only gangster of his day. It is also somewhat misleading – while Russia was indeed a very tough place in the 1990s, the majority of the oligarchs stopped well short of murdering their opponents.

The Yukos story is eminently «political», though not in the sense that it has been portrayed. Khodorkovsky's politics was not a matter of sending a cheque to the party of his choice – rather, it involved outright ownership of a block of Duma deputies large enough so that, by allying themselves with the Communists and other splinter parties, they could block any legislation not to Khodorkovsky's liking – in particular the oil export tax and the outlawing of offshore trading vehicles. When, having engaged Vladimir Putin in single combat, Khodorkovsky tried to castle out of check by appealing to the American power elite, seeking to raise support in Houston and Washington while negotiating the sale of Yukos to Exxon – Putin choose the nuclear option. The only truly innocent victims were the foreign fund managers who suffered painful losses on Yukos shares bought in good faith. While for several years, the theme song in Moscow was « who's next?» in fact, no one was next – Khodorkovsky's severed head impaled upon a stake at the Kremlin wall proved sufficiently dissuasive to any oligarch<sup>7</sup> seeking to resurrect the Yeltsin-era model.

Perhaps most fascinating about the Yukos story is its human dimension – how a man endowed with a powerful intellect, maniacal focus and legendary powers of concentration stumbled into a fight he obviously could not win. From Napoleon to Hitler, foreigners have repeatedly made the mistake of imagining that one could inflict enough pain on the Russians to make them capitulate; they have been systematically proved wrong – there is simply not enough pain in the universe for that; but Khodorkovsky was Russian, and he certainly should have known. Perhaps, having grown up in a grimy communal apartment and now worth untold billions – feted as Russia's real President in Washington and Houston – he though he had heard The Call, that he was the Anointed One, forgetting the rules of the game which he himself had so masterfully played.

He was, of course, not the only loser. With the enormous financial resources at its disposal, Menatep has been able to corrupt political, social and journalistic

institutions throughout the Western world, damaging the image of Russia, and perhaps creating a permanent rift with the Atlantic elites. Journalists who knew or should have known exactly what Yukos had been and had done continued to praise Khodorkovsky as a hero for Russian liberalism and transparency; the Carnegie Endowment enthusiastically embroidered upon Menatep press releases – without bothering to reveal that they themselves had been funded by Yukos. Given that the arrest of Khodorkovsky had revealed the limits of US influence in Russia, as well as depriving Exxon of the opportunity to grab Russia's top oil company, a succession of US congressmen have hailed Khodorkovsky as hero and martyr. The results of their lobbying have not been quite those they had expected.

### **The Dogs Bark – the Caravan Passes**

There is a widespread bias among fixed income jockeys that bond markets are «smarter» than equity markets – Russian debt now trades well «inside» (i.e. safer than) that of numerous European countries, American states, or international corporates. Early in the last decade, the author would provocatively inform his hedge fund and long-only clients that their subscriptions to the *Financial Times* and *The Economist* were costing them millions of dollars a year, i.e. the cost of their having shied away from Russian financial assets at a time when they were absurdly cheap relative to the actual risk. Fixed income investors soon enough came to realize that believing the disinformation retailed by the Western press was an unaffordable luxury.

The equity market – still relatively cheap, but suffering from some very uneven corporate governance – has been a bit slower to wake up and smell the coffee, though perhaps the greatest gap between perception and reality has been as regards FDI (foreign direct investment) which, despite some high-profile accidents, has generally proved wildly profitable – far more so than Western investments into the other BRIC countries. The major German, French and Italian companies are now increasingly focused on the Russian market.

As regards the politics, matters have been a bit less felicitous. The rigid, triumphalist rhetoric of the American Neocons admits no compromise, nor is it amenable to any ecumenical vision of competing socioeconomic models. Profoundly ideological, a series of foreign policy disasters has done little to instil a sense of the limitations of American power. By 2008, stung by the defeat of their

Georgian clients, the Bush administration was upping the ante with the threat of a new Cold War – the onset of the US financial crisis proved a fortunate distraction. While under Obama there has been a welcome normalization of relations, the best that can be hoped for is a cold peace; with limited trade between the US and Russia, neither country is the primary focus of the other.

On the other hand, given that politics ultimately conforms to the economic reality, relations with Europe, Germany in particular, are growing stronger. The German model of mixed state-private capitalism fits well with the Russian system, and although there were fears that the election of Merkel would derail the warm relationship built up by Schröder, quickly enough (and like Sarkozy) she was confronted with the vital importance of Russia, both as a trading partner and as a neighbour.

### **Snatching Defeat from the Jaws of Victory**

Future historians will doubtlessly wonder at the spectacular incompetence of Western diplomacy towards Russia at a time when her future orientation was very much in play; a tactical alliance between Russia and China should have been their worst nightmare. Extreme resource-dependency is the Achilles Heel of the Chinese economy; although China is rapidly building up mineral and agricultural sources across the globe, the distances are daunting and maritime transportation represents a significant strategic vulnerability. Russia, on the other hand, can supply virtually everything China needs – grain, energy, minerals, timber and metals, even water – to her doorstep.

The narrative in the West has been breathtakingly self-serving – early in the last decade, one highly-placed American academic asserted to this author that *«the Russians are so afraid of China they will be forced to beg a place under the American umbrella – whatever the price that Washington demands!»* It is an illustration of the profoundly amateurish diplomacy of the Obama administration that the man in question has now attained great prominence in US Russian policy-making.

From the deeply corrupt coverage of the Khodorkovsky affair, to the tendentious and dishonest misreporting of the Georgian shelling of South Ossetian civilians and from the lionization of the deeply corrupt Timoshenko to the failure to express any scepticism as regards Litvinenko's deeply moving death-bed letter

accusing Putin of his poisoning (purportedly drafted in flawless, flowing English by a desperately ill man who spoke barely enough English to order a cup of tea) the foreign press has done much to discredit Western institutions in Russia, creating a rift which will most likely never be fully bridged. Ironically, they have advanced the interests not just of the most anti-Western Russian factions, but also of the sole great power able to seriously threatening the socioeconomic dominance of the Atlantic Alliance – China.

It is perhaps insufficiently appreciated that since the 18<sup>th</sup> Century – despite occasional periods of hyperactivity – Russia has been a profoundly conservative power. Even the Cold-War occupation of Eastern Europe and the imposition of Soviet rule following the catastrophe of WW II was essentially a defensive reaction to Russia's utter devastation by European armies, three times in a little more than a century. In any event, by the late 1960s, any expansionist impulse there may have been had been irretrievably lost; Russia has not posed any credible threat to the West for the past fifty years.

Russia is not a «dissatisfied power» but rather, one seeking to enhance her influence within the framework of the existing global power structure.<sup>8</sup> On the other hand, a rapidly ascendant China – still recovering from the humiliations of the 19<sup>th</sup> Century and the catastrophes of the 20<sup>th</sup>, and which now accounts for some 25% of mankind as well as the lion's share of global GDP growth – is seeking to carve out what it sees as its proportionate share of power and wealth, largely at the expense of the sunset powers of America and Europe. Aiming for a profound reordering of the global power structure – economic, military, and political – China increasingly poses a clear and significant threat to North Atlantic hegemony. Whether Chinese demands can be peacefully accommodated will be one of the key questions for our century.

### **Dragons and Bears**

Russia and China have a long history of fraught relations and mutual distrust, beginning with the annexation of large swaths of Chinese Siberian territory across the Amur river (one of the hated 19<sup>th</sup> century «Unequal Treaties» with the Western Powers) and culminating in several instances of military conflict late in the Mao/Khrushchev period. That said, the Chinese are nothing if not pragmatic

and it is significant that of these imposed treaties, only the Russian treaty was subsequently sanctioned by Beijing – tacitly any questions of «sacred national territory,» all outstanding border disputes were quickly laid to rest early in the last decade.

While the Russian side remains wary of China, fearful for the great expanses of empty Siberian tundra (it seems unlikely that the Chinese are going to try to farm the perma-frost, and in any event, in a world of nuclear armaments, 19<sup>th</sup> century wars of territorial aggrandizement seem quaintly obsolete) and is still exercised about the «yellow-peril». Vladimir Putin's reply to my question at the recent VTB conference confirmed that, perhaps due to a historical sense of inferiority to the West, the Russian leadership continues to look to Europe for its model, and has yet to become fully cognizant of the profound shift in the global centre of gravity. Ultimately, economic reality should prevail – the West is the past, Asia is the future. Russia would be well advised to keep one foot in each camp.

I am sometimes asked whether Russia can compete with China – the answer should be obvious: if the most advanced Western countries cannot, how can a still-restructuring Russia? Fortunately, it is also irrelevant – Russia has no need to compete; the two economies are largely complementary (reminiscent of the relationship between China and mineral-rich Australia) and given the absence of any significant Russian production of consumer durables (ex- the tightly-protected automotive sector) in the local market, Chinese imports compete not against domestic Russian manufacturers but against other European or Asian exporters.

Despite continued disagreement on gas pricing, the first phase of the Eastern oil export pipeline to China is now up and running; trade between the two giants is surging – less than \$20bn in 2003, it reached \$55 bn in 2010, a 40% increase over the previous year. Exports are increasingly settled in Yuan/Roubles, bypassing the US dollar.

While the stagnating G7 economies are threatened with stagnation at best due to spiralling sovereign debt loads, American pundits have recently taken to dismissing a fast-growing China as a paper dragon; they may soon enough feel its hot breath. Lasting political alignments are ultimately determined not by sen-

timent but by economic realities – for Russia, the West has proved not just a meddling and unreliable partner, but one which systematically overplays its hand. Despite the ongoing competition for influence in the «Stans», Russo-Chinese diplomatic alignment in the Shanghai cooperation organization and the UN Security Council have been a vital counterweight against the domination of the Western powers. China’s pragmatic policy of non-interference plays well in Moscow – far better than the hectoring and often-hypocritical tone of the Western powers.

### **Epilogue – The Curse of Normality**

The Yeltsin years were a magnificent time for us foreigners – perhaps rather less so for the locals – at least, the overwhelming majority. Though the memory of the *Great Party at the Edge of the Apocalypse* shall accompany me for as long as I draw breath, times have changed; we Westerners have become bit players; our passports and jeans no longer evoke much envy, not even instant admission to the top clubs. This is as it should be.

Beware of what you want. Our greatest hope – we, that first, ideologically-motivated generation of expats – was that Russia was to evolve into a «normal country»; this is now becoming a reality. People have mortgages, start families, acquire middle-class habits and aspirations. The future seems more tangible – the time horizon has extended from weeks to decades. After a turbulent adolescence, our adopted country is progressing into early middle-age: a middle-income, middle-European country increasingly embracing the European Social-Democratic model. Neither the world’s best performing – nor, by far, its worst. Indeed – and tacit the mindless din in the press – the challenge for Russia may be not the lack of democracy, but rather, its excess. In the 1990s, no Russian asked anything more of the State than to be left alone; this has changed, as a newly empowered middle-class takes root, and the fearful turbulence of decades past fades from memories, the government has become mindful of its popularity ratings and exquisitely sensitive to the popular mood. A welfare state is rapidly taking shape, and though Russia is famously unpredictable, a European destiny seems most likely; at a time when the European social model seems threatened with imminent implosion, this may seem a counter-intuitive choice.

All of this is still for the future, and as of this writing, Moscow is the only European city in which one can still feel free. Thus, in closing, a word to my many Russian friends who constantly threaten to decamp to that Europe which I fled in despair – at the bureaucracy and immobility, suicidal political correctness and crushing fiscal inquisition – 15 years ago: *the West has a great future – behind it. Go ahead, give it your best shot and good luck to you – but here's betting that you'll be coming back a lot sooner than you had imagined...*

\*





## **Patrick Armstrong**

Patrick Armstrong received a PhD from Kings College, University of London, England in 1976 and began working for the Canadian government as a defence scientist in 1977. He began a 22-year specialisation on the USSR and then Russia in 1984 and was Political Counsellor in the Canadian Embassy in Moscow from 1993 to 1996.

## The Third Turn

This article was originally published on the website «Russia other points of view» in November 2010<sup>9</sup>.

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The hypothesis of this essay is that the conventional Western view of post-Communist Russia has passed through two cycles and is entering a third. While the first two were grounded mostly on what observers wished to see, the third is shaping up to be based more on reality.

### Little Brother

As Tom Graham wisely observed some years ago: while no one will take seriously a country with a declining GDP, no one can ignore one whose GDP is rising. When the USSR fell apart in 1991, its extraordinarily centralised economy, whose links were now were blocked by new national borders, choked and died. Living standards sank, inflation exploded, the tax base collapsed, state employees went months without pay, factory employees were paid in kind, the social support system failed and the demographic decline that had begun in the Khrushchev period accelerated. All indicators worsened at once. This was the time when «free fall» was a favourite descriptor. A reminder of this period was a piece that appeared in the *Atlantic Monthly* in 2001, starkly entitled: «Russia is Finished<sup>10</sup>.» Still available on the Net, it makes curious reading today.

The apparently unstoppable collapse of Russia led to two prevailing views in the West. The first was that Russia was a kind of «little brother» which Western expertise could educate or lead into a future in which the world had reached, Francis Fukayama told us: «the end point of mankind's ideological evolution and the universalization of Western liberal democracy as the final form of human government». In furtherance of this teaching mission, Russia filled with Western NGOs coming to transform its institutions. The second, and related view, was that Russia was no longer a *threat* but had become a *danger*. This was the period of «red mercury», missing «suitcase nukes» and other nuclear weapons, crazy Russian generals in the provinces – in short, Russia's collapse was a danger to the rest of us. This first phase might be summed up by the expression that we must help little brother lest he blow up and spatter all over us.

But Russians have a different view of the 1990s. I can think of no better illustration than a woman I know in Moscow. At the beginning of the period, she had saved up enough money – about 5.000 Rubles – to buy a car. A year later that sum of money would have bought a monthly Moscow transit pass and a year later two loaves of bread. But at least she had a job. While hundreds of thousands saw their standard of living disappear, some individuals, feasting on the decaying carcass, became fabulously wealthy; the apogee of this period was Berezovskiy's boast in 1996 that he, and five others, owned Russia. And perhaps they did: through fixed auctions and financial prestidigitation, they certainly controlled a good deal of it. Much of the so-called free press of the time was devoted to their wars as they calumniated each other in order to steal more.

Many Russians acquired bad associations with the word «democracy». The democracy the West advocated was experienced by them as theft, corruption, poverty, crime and personal suffering. I recommend two books to readers for this first period: Janine Wedel's *Collision and Collusion* and Chrystia Freeland's *Sale of the Century*. Also, I recommend a consideration of the HIID scandal<sup>11</sup>. In my more cynical periods, I think that the lasting effect of all the Western aid/assistance was to teach the Russians how to steal big time. Suspicious Russians, sticking to the zero-sum game, were strengthened in their suspicion that the West really wanted a weak and divided Russia.

### **The Assertive Enemy**

But in 2000 the decline began to slow. The 1990s had been cursed, from Moscow's perspective, by declining energy prices. Given that the overwhelming proportion of Russia's money-earning exports came from sales of oil and gas, declining prices were a heavy blow. But they began to increase in the late 1990s giving the state budget some openings.

Enter Putin. For reasons not entirely clear even now, Yeltsin picked Putin to be his successor. He brought him from St Petersburg where he had been Mayor Anatoliy Sobchak's deputy, to head Russia's internal security force in 1998. He appointed him Prime Minister next year, resigned in his favour and Putin was duly elected President in 2000. Western reporters, mostly based in Moscow and having little knowledge other than in the Rolodexes inherited from their prede-

cessors, fixated on the fact that he had begun his career in the 1<sup>st</sup> Chief Directorate of the KGB and stuck with that as their descriptor. Had they bothered to go to St Petersburg, they would have learned that he was very well known there because one of his jobs had been the City's contact with Western businesses. But the mould was cast and Putin was forever a Chekist; his speeches and writings – especially his Russia at the turn of the new millennium – were combed for KGB-sounding entries. When he said «Russia was and will remain a great power», it was interpreted to mean he wanted to invade Poland.

No one noticed that he also said in the document «The current dramatic economic and social situation in the country is the price which we have to pay for the economy we inherited from the Soviet Union»; that he spoke of «the outrageous price our country and its people had to pay for that Bolshevik experiment»; that he said that it would be «a mistake not to understand its historic futility. It was a road to a blind alley, which is far away from the mainstream of civilisation». A few did observe his blunt assessment that «It will take us approximately fifteen years and an annual growth of our Gross Domestic Product by 8 percent a year to reach the per capita GDP level of present-day Portugal or Spain, which are not among the world's industrialised leaders.» Commentators especially missed this encomium to democracy: «History proves all dictatorships, all authoritarian forms of government, are transient. Only democratic systems are intransient». The whole «Putin program», which continues today, is laid out; read it for yourself<sup>12</sup>.

Selective quotations set the style for most commentary for the next decade or so. Returning to Graham's observation, as GDP began to grow under the «steely-eyed former K-G-B spy», Russia gradually morphed from a *danger* into a *threat*. It became «resurgent» and «assertive»; that is to say it stopped declining. «Putin Wants a New Russian Empire<sup>13</sup>» we were told.

As an illustrative example of this one-eyed coverage, «the steely-eyed former intelligence officer» told us in advance that Russia would no longer sell its precious gas to its immediate neighbours for a third or a quarter of what it could get on the world market. For fifteen years Russia subsidised all its neighbours for billions and billions. Putin warned us – but not loudly enough – that this would no longer go on. But, when

Russia started re-negotiating contracts to move the price up, its neighbours cried wolf. Russia was not trying to sell one of its most important assets for as much as it could get, it was threatening Europe and its neighbours with its gas weapon.

We were now regularly warned about Putin's new Russian empire: «only one agenda on Mr Putin's mind: to increase his iron grip on his country and rebuild the once-mighty Russian empire<sup>14</sup>». The foundation stone in the edifice of this notion was the endlessly repeated assertion that in a 2005 speech Putin had given the game away by saying that the breakup of the USSR had been «the greatest» geopolitical catastrophe of the Twentieth Century. (In that same speech he said: «I consider the development of Russia as a free and democratic state to be our main political and ideological goal»; but, even if reporters bothered to read that, they presumably decided that it was just for show). But he did not say it was «the greatest»: the Russian is very clear. What he said was this: «Прежде всего следует признать, что крушение Советского Союза было крупнейшей геополитической катастрофой века.» («Above all, we should acknowledge that the collapse of the Soviet Union *was a major geopolitical disaster of the century.*»)<sup>15</sup> And he went on to say that it had been so because «Tens of millions of our co-citizens and compatriots found themselves outside Russian territory. Moreover, the epidemic of disintegration infected Russia itself.» One can argue with his opinion about how «big» this «disaster» was, but his speech was not a call for empire. Western commentators continued their practice, established when the Moscow-bound Western press had not bothered to find out what people in St Petersburg thought of their Deputy Mayor, of fitting whatever Putin said into the once-and-future-KGB mould. This misquotation, and the theoretical edifice erected upon it may be found repeated: indeed it has become the foundation factoid of the Russia-as-Eternal-Enemy view. The reader is invited to search Google for more. But it's not what he said.

In each of these two examples – which were much made of at the time – we see the continuation of the initial prejudging: Putin had started out in the KGB, «once a Chekist always a Chekist<sup>16</sup>», therefore everything he does is a threat to his neighbours. Everything he says that can be twisted into a threat is true, everything else is false. The propensity to believe that Putin means some of the things he says but not others is the apodictic indicator of partisanship.

In the 1990s the word «democracy» had acquired distasteful attributes for Rus-

sians and it acquired another in the second period. This was the period of «coloured revolutions» in which victors immediately began to talk about NATO's interests as if they were identical with theirs. Ukrainian President Yushchenko seemed to have little else in his program and, just before he went down to defeat, made it clear: «if we don't give a positive answer to the question of NATO membership as a nation, then we will not have independence. We will lose our democracy<sup>17</sup>.» NATO membership had now become the new meaning of «democracy». For many Russians in the 1990s «democracy» had meant corruption and poverty and now geopolitics was added to its meaning: a geopolitics directed against them.

And now we come to Russia's so-called invasion of Georgia. The desire of Ossetians and Abkhazians not to be ruled from Tbilisi was clear to those who knew the background: they fought Tbilisi when the Russian Empire collapsed; when the USSR collapsed they defeated Georgian attacks and won de facto independence. On 8 August 2008, just a few hours after President Saakashvili had said «Georgia is undertaking an immediate, unilateral cease fire<sup>18</sup>», his army invaded. The Ossetians stopped them and, when Russian troops arrived, the Georgians broke and ran, abandoning their cities and their weapons. In the end, South Ossetia and Abkhazia welcomed their Russian *liberators*, as they call them, and declared their independence.

### **The Third Turn**

I believe this war marked the beginnings of a reassessment of Western views of Russia. Paris took a lead in trying to settle the war. Foreign Minister Bernard Kouchner arrived in Tbilisi on 10 August and from thence went on to Moscow. But in transit he did something quite remarkable – he visited the Ossetian refugees in Russia and spoke to them. This was remarkable because Western coverage had never considered the Ossetians: the whole story was cast in terms of Russia, Georgia, NATO and other large issues. Kouchner learned that, for the Ossetians, Russia was the saviour and Georgia the oppressor. I believe that this experience inoculated Paris against swallowing Tbilisi's story whole.

A ceasefire was negotiated, the Russian forces pulled back to South Ossetia and Abkhazia and those two declared their independence. But there were lessons learned.

The obvious one was that Moscow was no longer the weak and spiritless place it had been a decade ago. But also learned was that Saakashvili was simply not reliable: you could not believe anything he said. Even the long-delayed and feeble EU report<sup>19</sup> on the war did not accept his post-bellum assertion that the Russians had moved first (his story changed several times)<sup>20</sup>. Once one began to think along those lines one was forced to question the whole narrative that Tbilisi had given out. It was like pulling on a thread in a poorly knitted sweater: the whole narrative of Moscow wanting to conquer Georgia and telling lies about it began to unravel.

With the end of the «Orange Revolution» another yarn unravelled: Ukrainians did not want to be pawns in some grand geopolitical game and Viktor Yanukovich was not a Russian stooge who could only win elections by cheating. In the latest gas crisis with Ukraine Moscow was smarter and more transparent: it became evident that the blockage of Russian gas going west was not in Moscow but in Kiev. This was another thread in the sweater; the narrative about the «gas weapon» had studiously avoided noticing that Moscow was putting up the price for everyone, friends and enemies alike: Armenia and Belarus also had to pay more. The sweater unravelled some more.

The «coloured revolutions» ended unhappily. President Yushchenko of Ukraine was defeated: never more than a quarter of Ukrainians had expressed support for his NATO aims and only a twentieth wanted him back. The revolt and change of government in the Kyrgyz Republic finished off the «Tulip Revolution». The declining group of defenders of the «Rose Revolution» now have to overlook Saakashvili's machinations to remain in power<sup>21</sup> and his apparent courtship of Iran<sup>21</sup>.

Another important development since 2008 is that the Putin program has proved to have legs: despite apocalyptic predictions, Russia got through the financial crisis reasonably well. Here are two small indicators: Russia's unemployment rate is actually less than the USA's and the IMF predicts better growth for Russia over the next five years than for any other G8 country. Russia is not about to collapse into insignificance. And, internally, Russia's leaders enjoy overwhelming majority support.

I suggest that the West is entering a new cycle in how it perceives Russia. Gone is the patronising little brother phase and going is the Russia is the eternal enemy phase.

What we are entering, I believe, is a period – perhaps the first ever – in which Russia is seen as a country much like others. A country with which its neighbours must deal but deal with in a *normal* fashion: neither as an idiot failure nor as an implacable enemy. An important partner in security, not the cause of insecurity.

The West has not had a very good record of seeing Russia as it is; more often it has been a palimpsest on which the visitor has written his notions. I recommend Martin Malia's *Russia Under Western Eyes* which starts with Voltaire's imaginary ideally-governed Russia or David Foglesong's *The American Mission and the 'Evil Empire'* which details a century of American obsessions about a Russia seen as a disappointingly stubborn and backwards twin brother.

But it is certain that change there has been since August 2008. Here are some indicators. The famous «reset» of the Obama Administration. Some of the fruits, apart from a new nuclear weapons treaty have been:

- The US State Department finally put the leader, but not the organisation itself, of the Caucasus Emirate on its terrorist list (the jihadist foundations of the second war in Chechnya has been one of the West's persistent misunderstandings).
- The abandonment of strategic missile defence in Poland and the Czech Republic. Although the deployment had little support in either Poland or the Czech Republic, it was strongly supported by the political classes in each country. Another example, it seems, of democracy becoming geopolitics.

The air crash that killed Polish President Kaczynski and the open and sympathetic reaction of Russians has opened possibilities with Poland, previously one of Russia's most implacable opponents inside NATO.

The financial crisis has hit many of the former post-USSR success stories quite hard and made them re-think relations with Russia. Latvia is a pertinent example.

Relations with NATO are changing rapidly. NATO expansion has been dealt a blow: it's clear that Ukraine will not join and no one wants to share a table with Saakashvili. But more to the point, NATO has, after a dozen years of treating Russia with contemptuous indifference, realised that it needs Russia in Afghanistan. While the General Secretary of NATO says different things to different audiences (for example in Tbilisi saying that Georgia will be a mem-

ber of NATO one day), he has also been making overtures to Moscow, calling a few weeks ago for a «true strategic partnership.» I suspect that Paris and Berlin (and perhaps now Warsaw too) are pushing him.

For several years, President Medvedev has been calling for a re-think of the European security system. At first dismissed as «an attempt to split Europe» his idea is receiving better reception.

Crying wolf – what more ridiculous example can there be than this hyperventilation: «Putin’s shadow Falls over Finland»<sup>23</sup> – is losing its effect. Russia’s neighbours have not been bludgeoned into slavery by the «gas weapon», Russian troops did not conquer Georgia and neither did they annex the pipelines. After these and (many) other predictive failures, new doom-filled warnings are that much less believable.

The metaphorical sweater is unravelling rapidly. If Ossetians and Abkhazians regard Russians as their protectors, one cannot believe the story Tbilisi has been telling us for years. If Yanukovych won a fair election, perhaps it was the «Orange Revolution» that was the fraud. If Armenia has had its gas prices go up as much as Ukraine, then it can’t be a «gas weapon» to reward friends and punish enemies. What was stopping Russian troops from seizing large parts of Georgia proper? perhaps Putin neither wants the empire back nor to control the pipelines. If Russia’s principal enemy in the North Caucasus is a «terrorist», then what’s really going on there? If China and Zimbabwe are members of the WTO, why isn’t Russia? Paris and Berlin continue to lead: at the three-way summit in Deauville, overtures were made as was clear from the press conference<sup>24</sup>. President Sarkozy said «We are certain that Russia, Germany and France share common positions in many respects» and that «we live in a new world, a world of friendship between Russia and Europe.» Chancellor Merkel said «we need to put relations between Russia and NATO on a rational track. After all, we face some of the same threats in the world today.» Medvedev, for once not the suppliant, was less forthcoming but made it clear he was listening.

These are, to be sure, straws in the wind but there are now quite a few of them and more come every day. Barring some unexpected catastrophe, I expect this development to

continue. Paris and Berlin (and perhaps Warsaw) are leading developments but others will join in. The coming NATO summit will move the process a step further.

The end result, for perhaps the first time in history, will be a Western view of Russia more nearly as it actually is; no longer an imagined reflection. As an important player with its own interests Russia will have to be accommodated. Not an enemy, not an opponent, not necessarily an ally, but an important player that, in fact, marches in the same direction most of the time. And when it doesn't, disagreements can be discussed and reasonable compromises made. In short, a Russia that is seen to be «in the box».

### Author's Note Spring 2012

This paper was originally written in 2010 and pretty widely reprinted and translated. I have changed the original very slightly, removed hyperlinks and replaced some of them by footnotes. The original is at <http://www.russiaotherpoint-sofview.com/2010/11/the-third-turn.html> and in Russian at <http://www.inosmi.ru/politic/20101119/164345180.html>.

What do I say in Spring 2012?

NATO is still deep in what in the Soviet days was called «wooden language». It is still praising Georgia but, at the same time, attempting to negotiate a supply base in Russia for its operations in Afghanistan. This doesn't work. But does it actually matter very much? NATO has turned into a *menu operation*: some NATO members bomb Libya/fight in Afghanistan, some do not; all pretend they support it.

Georgia, which as a member of the WTO had a sort of veto over Russia's membership, has been forced to back down and Russia is finally about to become a member.

Ukraine, once a potential member of NATO, gets little press today and what it does is mostly negative.

No one talks of the «Tulip Revolution» any more; or for that matter about the Kyrgyz Republic.

There is a noticeably more nuanced view taken, in Europe at any rate, to Russia-Ukraine gas disputes and pipeline routes. The zero-sum approach, so common a few years ago is much muted.

The decline in enthusiasm for Saakashvili continues and I notice that oppositionists like Nino Burjanadze are receiving more coverage. But Saakashvili still has his friends in the USA.

But it is clear that the «Assertive Enemy» meme lives on in the United States. We have Mitt Romney, the likely Republican Party nominee, actually calling Russia the US's number one geopolitical foe (incredible after 911) and a coming Republican Senator agitating for Georgia's immediate entry into NATO. Also we have seen a powerful campaign against Putin's and United Russia's election results. Including extremely bogus reporting<sup>25</sup>. And, given the obsession so many have with Putin himself (the «steely-eyed former K-G-B spy»), I think his return to the Presidency will retard developments somewhat.

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## **Jon Hellevig**

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## Anna Politkovskaya – Twilight of an Idol

This article was written in Moscow's Bulgakov House and published in October 2006<sup>27</sup>

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*«I sit in my office at Bulgakov House on Bolshaya Sadovaya, Moscow. I look at our guest copy of Master and Margarita, I glance at it and suddenly I understood: PEN is MASSOLIT, MASSOLIT IS PEN. Bulgakov did not criticise as such the Soviet state, although he was opposed to it, but in his book he criticised people for their falsehood, for hypocrisy, for superficiality, for being evil to the point that it takes a Satan to uncover them. People that make themselves comfortable in any society; who serve any master as long as their housing question is taken care of. In the early days of the Soviet state we know what was the ideology and master they served, but whom does PEN serve?»*

The murder of the Russian journalist Anna Politkovskaya is being manipulated by the international press to raise anti-Russian sentiments. The international journalists associations have responded by forming «Hands On Russia» committees, which sponsor demonstrations, paid coverage and extra-parliamentary pressure in their campaign to show solidarity with the exiled and imprisoned oligarchs. The television stations all over the Western world in unprecedented in times of peace propaganda have joined efforts with the oligopoly of Western mainstream printed press to lead the movement of solidarity with the killers and have stepped up pressure on the European Union leadership and the democratic institutions of the member states to join in. Like the true pioneer he always was Barroso does not need a lot of persuasion. European Union Commission President Jose Manuel Barroso in the spirit of European hypocrisy, in the spirit of the common values, says: «We have a problem with Russia. In fact, we have several problems. Too many people have been killed and we don't know who killed them.» But he is not sincere, he knows the killers, they work for his propaganda team, he exploits the murders for his political games, then it means that he is as guilty as those that delivered him the blood.

Politicians, so-called scholars and the media declare in unison that Russian leaders masterminded the murder. Many people cautiously avoid the more direct expressions while there are those ready to take to lynching and direct accusations;

Finnish Foreign Minister Tuomioja falls somewhere between the two groups, whereas Finnish MP Heidi Hautala and Markku Kivinen from the Aleksanteri Institute (the Russia research centre of University of Helsinki) clearly belong to the latter. It is obviously not in the interests of the Russian President that a journalist, well branded in the West, should be murdered; pointing this out would not be necessary but for this continuous smear campaign against Russia. It is disgusting to even have to participate in this discussion to refute the accusations. But the managed international media has created this situation, this discussion where the question is posed similarly to the old paradox «When do you stop beating your wife?», either way you reply you play their game. However, there is all the reason in the world to put forward the very plausible alternative, that the murder was orchestrated by quarters wishing in this way to create exactly the kind of opinion climate where all these experts keep repeating their anti-Russian rhetoric. I think that indeed it is time to be frank: the international media has created this situation where it is worthwhile for the enemies of the Russian president to kill a journalist. First she served their PR as a living writer, but then they thought she would serve their cause better as a dead writer. PEN made her a means. Then she became a means to the end. – George Orwell: «In a time of universal deceit, telling the truth is a revolutionary act.»

Act in such a way that you always treat humanity, whether in your own person or in the person of any other, never simply as a means, but always at the same time as an end.

In our cultures, we honour the memories of the deceased speaking only good about them in times of sorrow. One would like to grant this to Politkovskaya as well. But I cannot keep quiet when I see how she is being turned into a weapon to hit the Russian people by trying to sling mud at the country and thus to prevent the normal development. Not all are happy over the fact that equal opportunities to participate in democratic market economy are being created for Russian citizens under the leadership of Putin. Putin's political program, which I would characterize as self-defence of democracy has earned a lot of enemies among the people wishing Russia bad. Within Russia, criminal elements have availed themselves of the weaknesses of a young nascent democracy by grabbing and stealing

enormous possessions. Putin, though, had the courage to rise against the mafia and the oligarchs (often separated through a fine line drawn on water). Outside the Russian borders the former Soviet states, thirsty for revenge, consider it the key role of their EU policies to fell Russia; they forget that Russia and the Russian people were the biggest victims of communism; that it was the Russian people who, led by Yeltsin, freed themselves from that burden and promoted the freedom of other former prisoner-countries. Because of its geopolitical position, Russia gets drawn into the biggest dirty games, as well.

Now that Politkovskaya's work is so much discussed there is reason to look at what she wrote. Best suited to this is her bestselling book *Putin's Russia*, translated into several languages. What did Politkovskaya actually write?

In her book she has followed the so called journalistic formula: there are a few key arguments, and then focus is turned on people's life situations as if to prove the arguments; but the interrelation stays on a purely emotional level (this style comes from Carl Marx's *Capital* where Marx tried to prove his childish theories of capital through stories of people's everyday lives). Marx argued that all economic profit is based on exploitation of the worker. He developed this idea and wrote a book with a thousand pages (*The Capital*, Volume 1). Correspondingly, Politkovskaya is driven by her personal disgust at President Putin. She begins and ends her book by saying this<sup>28</sup>. To start with, she states she does not like Putin «because he is the product of the Russian security service» (as if George Bush Sr.'s politics should be condemned on the grounds that he was the product of the CIA; this is the prevailing opinion in many Latin-American countries). According to Politkovskaya being «a product of the KGB» Putin «does nothing but destroy civil liberties as he has all through his career» (But she does not want to remember that Putin put his career and himself on stake in defending the former mayor of St. Petersburg, Mr. Sobchak, the icon for the democratic struggle of Russia) At the end Politkovskaya states she is disgusted with Putin «because there is a war in Chechnya» (She is not disgusted with the terrorists and their supporters, and all the people that started the war; she is disgusted with the ones having to put their lives to defend human freedom, and life itself), «because he is so coldly controlled»; «because he is cynical», «because he lies»; «because of the Nord-Ost siege» (In line with the international media, and the International Writers Association PEN, the modern

day MASSOLIT, she tried to manipulate the public opinion to consider that the terrorists were just peace-loving «separatists» that wanted to come and enjoy a night at the theatres, and then being rudely disturbed by the Russian police; or that in Beslan, the problem was not that the terrorists killed the kids, but rather how efficiently the media coverage was arranged).

To complete her list Politkovskaya adds that «he spins webs consisting of pure deceit, lies in place of reality, words instead of deeds»<sup>29</sup>

Politkovskaya does not like the fact that Putin goes to church Easter services (it is amazing that she can, supported by the whole of Europe, slander the confession of faith of someone)<sup>30</sup>.

Politkovskaya attacks Putin for, as she wrongly claims, «being a racist» but herself as a racist claims that Silvio Berlusconi as a European has better powers of thinking than Putin, who only is a Russian<sup>31</sup>.

Politkovskaya compares Putin with Stalin<sup>32</sup>, «he behaved exactly like Stalin». Such a comparison shows that neither the journalist nor the prize givers and back patters have any sense of proportion. But one should remember that the purpose of this investigative journalist was to tell us about her feelings; why she abhors another person.

Politkovskaya had absolutely no perception of the fact that all phenomena in society are based on social practices and that only a historical process advancing in the right direction can promote the wellbeing of society. She does not understand that the basis of a working society was destroyed in the Soviet Union and that it was not until 1990 that building democracy, market economy and a society of citizens was started from the ruins of the Soviet bankrupt's estate. – She forgets that society did not function, but that there was a lot of hope in the Russian people, they were not destroyed, they are the ones that are making this remarkable turn around of Russia, the side of Russia that did not make it to her writings. – Through glimpses of people's life experiences she brings up some of Russia's problems, such as the young democracy, criminality, corruption, the poor condition of the army, low pensions, the state of the judicial system. Politkovskaya (in her prevailing state of disgust) does not analyze what has been done about these

things during Putin nor does she consider the impacts of decisions taken under him. Instead, she tells about human tragedies like the suicide of an alcoholic or about a former friend of hers, a busy businesswoman who went to politics to grab more riches, etc. What she tries to do is to convince the reader that, somehow Putin is to be blamed for this tragic suicide and the woman's ruthlessness (and as we know, she succeeded remarkably well). Politkovskaya's idea was that on day one of his presidency, Putin – Putin alone – had to make sure that all in Russia was right and people lived in a paradise, just as if Finland's president Halonen were responsible for the unemployment in Kainuu and drunks at Hakaniemi Market Square.

In one of her brief accounts Politkovskaya mentions an old man, aged 80, who had been found frozen up to the floor in Irkutsk, Siberia<sup>33</sup>. The journalist tells the emergency services refused to come to the rescue claiming «the man was so old he could obviously not be all right». Putin should have stopped this, according to Politkovskaya. And it was brave of her to have said as much!

The former navy captain Aleksey Dikin has a small pension and lives in poor conditions<sup>34</sup>. This is Putin's fault. And Politkovskaya had the guts to say so! She does not even think of looking for reasons in the Soviet communism that destroyed the economy; and now reconstruction is going on, and the opportunity for it actually only presented itself in 2000, during Putin's first year in power. Since then, there has been an enormous increase in pensions. The writer of this article has personal experience from the Russian hinterland where economic development has also started, contrary to opposing claims. In January 2006 I visited Azikeevo, the native village of a friend of mine, situated in Bashkortostan in the Ural Mountains. A road connection to the village was opened about ten years ago, and approximately the same time, gas heating systems were installed; and a couple of years ago, phone connections to every cottage. My friend's mother's uncle, aged 70, said – without my asking – a number of times how good living conditions now were. In the meantime he took care of horses, cows and chickens. The retired teachers of the village, a married couple, answered my question that pensions now were so good they did not need all themselves but could support their children's families (see a photo report on this trip<sup>35</sup>).

But these, whether good or bad, are economic policy issues – not matters that the president can have any say in as far as individual cases are concerned. The condition of the army, the corruption and the state of the judicial system are not Politkovskaya's disclosures. President Putin often speaks about them. But they were supposed to be news uncovered through Politkovskaya's investigative journalism! What president of another country openly and publicly admits problems like these? Putin admits them and speaks about them because a president can have an impact through his opinions and legislative initiatives even though he cannot catch every thug. There are no such forces in Russia that could bring all misdemeanours under control all at one go; all that can be done is change direction, move on. And Russia is clearly, by any measure, moving in the right direction. These dramatic acts of terrorism aim at slowing this development («wherever the tracks may lead» as Foreign Minister Tuomioja said; and one should indeed look at the *foreign*).

Politkovskaya's writing on terrorist dramas continues an odd type of news making that directly and as if on joint decision supports the actions of the terrorists. Through their deeds, terrorists try to hurt the society they hit. By killing innocent people they try to create public discussion criticizing the leaders of the target country. In this they had a formidable helper – Politkovskaya (even though the results were not as good as earlier in Madrid where terrorists managed to change the entire government). This is incomprehensible logic, impossible for a sound person to comment on; but for some reason Politkovskaya was showered with prizes.

In her book Politkovskaya tells what a big problem, to her mind, the illegalities and the corruption in the governor-dominated Yekaterinburg are; but of course she draws the wrong conclusions again: Putin's fault! Nevertheless, as far as she and her supporters were concerned the way Putin dealt with this governor problem constituted evidence of his anti-democratic attitudes. These governors operated under the cloak of democracy; they were chosen through formally democratic elections, as in the Soviet Union (in another connection Politkovskaya remembered how people were elected in the Soviet Union)<sup>36</sup>. A colourful bunch of criminals and adventurers had themselves appointed governors under the shelter of formal electing and voting procedures. It is as clear as day and even noted by

the European Commissioner for Human Rights in his report (Alvaro Gil-Robles, Report on Visits to the Russian Federation, 2004) that there is no free press anywhere in the Russian regions (except Moscow and St. Petersburg). In these circumstances anyone who wanted to be governor had himself «elected by people» using threats, bribes, blackmail and killings and led the region, based on this «democratic mandate», illegally in an autocratic manner (and if somebody succeeded in being truly democratically elected governor, the end result was usually the same feudal behaviour). Putin dealt with the matter by stripping these governors of their mandates, and now democracy is practised in much more civilized circumstances based on a democratic competition between the regional parliament and the president. That Putin had courage to rise against this powerful elite and to succeed on it is a democratic achievement of historic proportions. Where does it come from that this is not really understood in the west? Politkovskaya's premise, her disgust with Putin? There seems to be a managed opinion, managed freedom of speech, strong in the world, dominant in some countries, like e.g. Finland, where leading newspaper, Helsingin Sanomat, called for a Noble price to be awarded to her (I presume in literature).

Big capital and oligarchs were bad and, according to Politkovskaya, Putin's friends<sup>37</sup> but only until Putin does something about the matter. When Putin took the stand against Khodorkovsky, everything got reversed<sup>38</sup>. Now it is about «Putin's personal revenge». Politkovskaya ascribes it to Khodorkovsky that the company owned by him, Yukos, was «the most transparent company in Russia» and that it «operated in daylight» and even «gave five per cent of its profits to charity». None of these claims are true. Yukos flagrantly violated tax laws and other legislation through, among other things, criminal tax paradise companies. (Everything has been carefully documented later; in this connection I refer to the Sitra report, Suuri Maa Pitkä Kvartaali [Big Country Long Quartile], 2005).

Furthermore, Politkovskaya claims that Khodorkovski got into trouble with Putin because he supported «the liberal opposition». Why did she omit the fact we all know that Khodorkovsky also supported the communist party? A half-truth from a journalist's mouth has the hoped effect, in a way (the romantic side of the activity would be lost if communists were also mentioned). And why does

she not tell the ulterior motive behind the support – the fact that to get Khodorkovsky's support, these «democratic» parties sold him top positions in electoral candidate lists to enable him to place there his own trusted candidates; this was how he planned to make a corner on the Russian democracy culminating in a hostile takeover of the Russian parliament, the Duma. But is it this kind of democracy Politkovskaya, the EU ministers, Tuomioja and Hautala want? In Finland they would have to sit for it themselves, but not in their comfortable seats in the parliament, in jail they would go.

Many people rhetorically admit knowing that Khodorkovsky had committed crimes but «why Khodorkovsky, just Khodorkovsky»? The answer is clear: others were quicker to realize that their criminal activities were over! In Russia they are not occupied with a policy of revenge, on catching everybody just in case, they know their history, the challenges, they know there is only one way, forward. Understanding the difficult history of his country Putin invites all, in the spirit of future, to participate in building a new society. There is no gain in punishing everybody, but this does not mean that democracy has no right to self-defence, even in Russia. This is Putin's Russia, and mine.

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## Putin – Democracy in the Making

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Democracy in the West has been a long time in the making, and we cannot point to a single person in any of the Western countries whom we would credit for having brought it about. We can only look at a long, and troublesome, history of social competition which has resulted in a state of affairs we call democracy, through wars and killings, scandals and murders, economic progress followed by economic collapse, technological progress, the spreading of free speech, and its suppression and manipulation. These and other conditions, through a bloody history of hundreds if not thousands of years, brought about the conditions for democratic competition that the West now enjoys (even if less so today than a couple of decades ago).

In Russia the history has been quite different. After the years of the Communist command system, which destroyed all normal traditions of social interaction, Russia had to start from scratch to build democratic traditions for itself. In fact, saying that Russia started from scratch is a gross understatement, for after the government of the inept chatterer Gorbachev, the country was in ruins and Russians had to start building a free society not from zero but with a huge handicap. Gorbachev's limited economic reforms did not serve any meaningful purpose and only created the conditions for criminal gangs and vory to take over the economy and soon political power as well.

It was up to Yeltsin to start to get the country in order, but he came too late. Gorbachev's perestroika had already transformed the country into a total criminal anarchy. Without more than a handful of honest and trusted people around him, Yeltsin could not achieve much in those conditions of anarchy and virtual civil war. But in the Western propaganda, this period of the 1990's is referred to as democracy, which supposedly was then destroyed by Putin. The propagandists brashly claim that Putin has «systematically dismantled» the democratic institutions of Russia, parliament, political parties, free election, media, and the courts. This is a big lie, or a naïve misunderstanding at best. A misunderstanding about

the nature of democracy, the recent history of Russia, and the nature of a Communist society.

Most fundamentally, this criticism of Putin is based on a glorification of the Soviet Communist system – as if the building of a modern democratic society could be accomplished merely by implementing some well-intentioned political decisions over the course of a few years. No. The work on building democratic institutions started only with the fall of the USSR. These people think that the switch from the Communist USSR to the creation of a democratic market economy in a free Russia is comparable to the change of ruling party in an established Western country. Say the UK, where the Tory Party comes in with its agenda after the Labour Party, or vice versa, and makes some minimal changes in the laws and government, the details of which are publicly discussed by the whole society with great interest. Hence comes the idea that Putin's 12 years in power in Russia are time enough to achieve paradise upon earth. And who can seriously claim that institutions that took thousands of years to emerge in the Western countries would have been ready to use in the few years of Yeltsin's rule? All the more so when we know what criminal anarchy reigned during these years. Yes, Yeltsin began to develop them, and we lift our hats to his memory for this work. But it is only under Putin that they have developed to acquire the structure of real democratic institutions. The work is not finished yet, as we can see. And now, encouraged by the early success, Putin has announced further steps to consolidate the democratic competition in Russia.

The absolutely indispensable step to create the conditions for democracy was to put an end to the criminal anarchy and the rule of the oligarchs. This inevitably meant a restriction on «showcase democracy» in favor of trusting the job of architect of democracy to the popularly elected president. This is what the Russian people did. They gave carte blanche to Putin to bring order and create a democratic market economy. And Putin has delivered on that promise. With a renewed mandate on March 4 he will continue this work, now from a solid base.

In the 1990's there were no free elections. No conditions for such existed. The elections were a business for criminal gangs, oligarchs and political prostitutes, fraudulent maneuvers to have them appointed to various state bodies by way of

force, manipulation, money, media distortion, etc. Most notoriously, this was the case in regards to the regional governors, who ruled their subjects as feudal lords supported by criminals, which they themselves were (with a few exceptions, perhaps – but I have not been told who these exceptions could possibly be). In addition to ending the impudent rule of the oligarchs, the abolition of the direct election of governors was the most important step towards building the conditions for ending the anarchy and bringing real democratic competition to Russia.

It is only under Putin that a free media has emerged in Russia. But according to the American propaganda organization Reporters Without Borders, the state of press freedom is dismal in Russia. They ranked Russia 142nd out of 172 countries just before Gambia, and preceded by such beacons of liberty as, for example, Zimbabwe (117), the United Arab Emirates (112), and Northern Cyprus (102). If Russia were in reality almost last in the list, then it would only mean that there are no problems with freedom of the press in the world in general, for such is the level of freedom in Russia. Test it for yourself: go any day and pick a random sample of the newspapers on sale on a Moscow newsstand. You will find plurality of opinion in all, and most of them highly critical of Putin. The rankings themselves, courtesy of this propaganda organization, are regularly published in all the Russian press fresh as they appear, which is, to say the least, a great paradox. The blatant fraud in these rankings serves as strong evidence about all the other more sophisticated propaganda attacks against Russia.

What about the courts? There was no independent judiciary in the Soviet Union, and not even a system of law in a proper sense, just an arbitrary system of meting out punishments. All this was subject to a complete change in the new Russia of Yeltsin (but no steps were made under Gorbachev's perestroika). But this was when the work only started on building the normative base for law and taking the first steps to form an independent judiciary. Only a little was achieved under Yeltsin's presidency. The economic hardships meant that judges did not get paid enough to live on, which tempted many of them towards corruption (under Putin, however, the salaries of judges have increased almost 6 to 10-fold). The laws were new and traditions non-existent. So the critics are totally wrong to say that Putin has destroyed the independent judiciary, for there was no such thing

prior to Putin coming to power. The judiciary is still underdeveloped but great strides forward have been taken thanks to the improved economic conditions and stability provided by Putin. The judiciary does not only have to be independent of the state, which it largely is in Putin's Russia, but also independent of criminal corruption and based on solid traditions, which can only emerge in time.

In his election campaign Putin is promising a number of liberal changes to the economic laws and laws governing the political system. Some of the changes are considered radical, and the critics argue that Putin is not to be trusted because he has already been in power for 12 years and could have made the changes earlier. But the changes are not radical compared to the urgent matters that Putin had to tackle during the first decade of his rule. Those were fundamental questions of the to-be-or-not-to-be of the whole statehood of Russia; questions of war and peace; questions of life and death. And not only did he overcome the difficulties, but he also put in place the conditions for fine-tuning the system, which fine-tuning is for the primitively-minded opposition the only democracy there can possibly be. As if you could have put a turbo engine on a horse carriage before going through all the other stages of development of the automobile.

These same reasons explain the problem of corruption. Corruption in Russia is rampant, no doubt about that; however, it is hard to believe that Transparency International is transparent and fair in ranking Russia the 143rd worst corruption plagued country out of 182 countries surveyed. I know from my own personal experience running a group of companies offering law and accounting services here in Russia that it is fully possible to conduct honest and transparent business in Russia without bribing anybody. This comment was in regards to the ranking that Western propaganda has assigned Russia, not to say that corruption isn't a big problem. It is, and is perhaps the biggest problem in the country. But it is also the most difficult one to solve. Corruption in Russia is historically rooted in the Soviet economy, where goods and services were hard to come by. Corruption became endemic and the normal way for trying to secure what was needed, as there was no real market and no currency which you could freely earn and use. It is impossible to measure the volume of corruption in the USSR as the topic was forbidden; no surveys or studies on it could possibly have been produced.

Naturally the monetary value of it must have been much less than it is in today's Russia. This for the simple reason that there was no private property, so big assets could not be turned around anyway. The corrupt practices were so widespread that most people engaged in them probably did not even consciously recognize that they were doing something wrong; they just did what life demanded of them to survive. Then, with Gorbachev's misconceived economic reforms, these corrupt practices were taken to new heights. This is how the more brazen and criminally inclined «businessmen» made their fortunes. During the years of anarchy in the 1990's nothing was done about the problem; the virtual civil war consumed all the energy of the government. Almost no one was convicted for any kind of economic crime, and being investigated for corruption only led to sharing the spoils with the investigators.

It is only in the last few years, two or three, that the fight has started to yield results. And today we can read almost every week about a new high profile corruption case. Why only now? 'Why did Putin do nothing earlier?' someone asks? Well, simply for the reason that earlier there was no state power in the country that could possibly have taken on the problem. Putin took over a country plagued by anarchy and without any central power. Most of the state apparatus was in hands of corrupt people, including the «freely elected governors» so beloved by the Western press, the police, the prosecutors, and you could count in even a great number of the parliamentarians. It is only now, through a lot of work that escapes the lazy mind, that Putin has been able to muster a response. So the reply to the 'why not earlier' is simply that the problems to tackle have been too enormous for such a short time. There is no doubt that during the next four years we will see a significant improvement in this regard, thanks to the continuing trust in Putin by the overwhelming majority of the people. But not much can be achieved before those who shout on Bolotnaya first start paying their taxes, demanding that their suppliers pay, and stop bribing the staff at kindergarten, schools, and hospitals.

Putin has already announced significant liberalization of the election laws, among them the proposition to further lower the threshold for registering parties with nationwide status. (We will probably never see a similar liberalization of

the corresponding US laws, a country where two parties share the eternal monopoly on power. Similar business monopolies are broken up by the anti-trust laws; why not apply the same principle to these parties that steal the vote in the USA?). Thanks to the political reforms that the Government has announced all those competing opposition leaders will soon have a chance to form their own parties by collecting signatures from 500 friends instead of the 40,000 needed today. I admit that this is a display of Putin's political genius. Then all of the much touted «opposition leaders» will have the chance to form their own private pocket parties. Let them compete!

I predict that Putin will go down in history as one of the greatest leaders of all countries and all times.

## **Putin's transition is over. Modern Russia starts today**

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During his first two terms as president and his tenure as Prime Minister, Vladimir Putin accomplished a remarkable transformation of Russia from a virtually bankrupt country suffering under a criminal anarchy into a prosperous emerging democracy with all the attributes of a normal country. However, 12 years at the helm of such a vast country, with all its accumulated problems, is far too short a time to cure all its ills. Some things can be cured only by time, during a process of peaceful and stable development of social practices in all fields of life. This is why it is crucially important that Putin be re-elected to oversee this continuous peaceful social development.

Notwithstanding these remarkable achievements, I predict that we have only seen the beginning. Putin has built the platform which will now enable him to turn the newly stable Russia into a modern progressive country. Therefore we may speak in terms of Putin versions 1.0 and 2.0 – the former being a Putin of the transition period, and the latter Putin the modern reformer.

Back in 1991, everybody acknowledged that a transition period was needed before Russia could become a mature democracy with a fully formed market economy. But few understand that it is only now that the transition period has been completed. And it is only now after the transition period and the normalization of the country that any sweeping and formative reforms can be implemented.

The early reformers and their advisors did not understand what the nature of the transition period would be. People and their social practices were not part of the picture. It was generally thought that the transition could be undertaken solely through a number of decisions and concentrated actions, without regard to time and the conflicting needs and interests of real people. Nothing expresses the spirit of the post-Soviet market reforms better than the ill-omened war cry of «shock therapy.» Devised by real-life analogues to the mad scientists of horror movies, the reforms actually inflicted the shock on entire populations. Democ-

racy too would happen, they fancied, just by letting everything loose. But what followed was chaos and anarchy.

To speak precisely, we must see the first 12 years of Putin's rule as a transition period: not only a transition from the Soviet system, but also a transition from the criminal anarchy of the 1990's. This should explain all Putin's actions in the sphere of democratic institutions, media, social life, business, and macroeconomic stability. They were intended to bring order, elementary social protection, and security against domestic and foreign threats. In short, Putin 1.0 was about a normalization of the country. This normalization now provides a platform for pursuing intelligent, fine-tuned but sweeping reforms in all areas of life.

In the series of pre-election articles where Putin has outlined his vision for Russia, he sets some bold goals for the future of the country. But his critics say «Where has he been during the last 12 years?» The question is: Where have they been? How can they fail to grasp what a different country Russia is today in every positive sense?

They don't understand that the system of corruption that stemmed from the Soviet economy of scarcity, and became the norm in the 1990's, could not be tackled without a sufficient level of state power, which was nonexistent when Putin came to power. It is only in very recent years that Putin has been able to put in place a functioning state apparatus that can take on the problem. And therefore in a few years we will undoubtedly see great progress in this respect.

«The last 12 years show that Putin has failed in reviving industrial production,» the critics claim. But they do not understand that Russia only a few years ago reached a situation where questions of far-reaching policies on industry could be raised in the first place (another factor is that in reality, all is not so dire in this respect when we look at the facts). Previously, the quality and reach of government was too weak for that; the economic conditions were not favorable; and the priorities had to be elsewhere. We should not forget that the policymakers and their advisors (and critics) had to go through a learning curve as well. Russia has been only in a position to seriously deal with these issues for about 2 or 3 years. It is therefore now that Putin is seizing the opportunity, at the mo-

ment when it is first given, to launch a comprehensive reindustrialization and modernization program.

During his presidency, Medvedev quite correctly prioritized the modernization of the economy. It seems to me, however, that the program laid too much emphasis on inspiring a high-tech revolution, instead of stressing the need of a general modernization of all aspects of business. I mean that more fundamentally, the government should make a concentrated effort to modernize the laws and administrative practices that hinder businesses from thriving in a competitive global economy. This requires an emphasis on a total de-bureaucratization of the country. Certainly a lot has happened in this respect, but it seems to me that the problem has not even been fundamentally recognized, although Putin's election program now, for the first time, speaks about the problem in the right terms. Of Russia's three major ills, inflation is now finally under control, the nature of corruption has been understood and there is a plan and the will to tackle it, but the fight against bureaucracy is still uncertain.

Even more important for the economy than the plans to reindustrialize and modernize the country are Putin's social programs raising the pensions and salaries of state employees. Since Putin ascended to the presidency in 2000 the average pensions have risen some 15 times, from an equivalent of \$18 to \$300, having thus reached an acceptable level considering the present purchasing price parity. Over the same period the salaries of judges have been raised some 10 times, creating the most fundamental condition for the emergence of an independent judiciary. Next in line were the salaries of police officers, coinciding with a total reform of the entire authority, including its rebranding from militsiya to police. From January this year these salaries have gone up by 200%. The salaries of members of the military have been hiked by some 250 to 300% from the start of the year so that, for example, a lieutenant's salary now ranges from a starting salary of 50,000 rubles (\$1,700) to 80,000 rubles (\$2,600) compared to the meager 17,000 rubles (\$600) of last year. When comparing these salaries with those of other countries, one also has to keep in mind that the income tax in Russia is only 13%, flat for all income levels, meaning that the take-home pay is comparably even higher. And now in his election program Putin has promised to raise

by a quantum leap the salaries of doctors and healthcare professionals, school teachers and college professors, as well as increase child support, and raise the student stipends by a whopping 500%.

None the less, some people still want us to wonder why the Russian people vote for Putin! According to the opposition, which represents the only sources that the western press quotes on these matters, nobody would support Putin. But, on the contrary, why on earth would people support the opposition that actively opposes these social policies?

Is this populism? Yes, says the opposition; so says the western press. But why is it not populism to pay decent salaries in Europe? All the more so when Russia can afford it and Europe cannot. Just ask the Greeks, Spaniards, Italians, Portuguese, and Irish, whose salaries have been cut for the sake of austerity. Or the men and women who are condemned to more years of hard labor as the retirement ages are raised all over in Europe.

Putin is putting the salary hikes through because this is the moment when it can be done. Because justice cannot be postponed.

But this is not only a question of justice and equity. This generous social spending represents on the other hand a massive economic stimulus package – a stimulus that must be seen as the cleverest ever devised. It beats hands down any Keynesian juggle to throw good money after bad in a frantic activity to build roads, bridges, school building, libraries and fire stations. In the Putinian stimulus there are many pluses: in one sweep you achieve social justice and economic stimulus; spread wealth evenly over the country, and ensure that the stimulus goes towards causes that will immediately help the local economy. Not to mention the advantages of this kind of stimulus over the EU and USA policies of propping up the banks with taxpayers' money (or by printing more of it).

Again, the critics from the unconstructive opposition claim that this social spending is unbearable and will cause a budget deficit. Well, debtless as Russia is, it can afford a budget deficit if it were to come. But as these critics don't get the stimulus side of this, they can't grasp that this money will fuel the economy so that its effect will multiply as it moves through the economy, resulting in a

higher GDP and higher tax revenues. Such celebrated do-nothing economists as Kudrin have difficulties grasping this logic.

Now Putin's Russia (as they say) is a normal country, with the foundations of a democratic market economy and welfare state. The transition is over. And modern Russia starts today, with the reelection of Vladimir Putin.

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## The Disparate Russian Opposition

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Since the election season street protests in Moscow, the media has been rife with speculation as to the composition of the protesters and what is driving them. The Western media was quick to proclaim that the issue was about a middle class «pro-democracy» movement «against Putin's authoritarian regime,» while the front men of the protest movement claimed that people were protesting against election fraud and «for fair elections.»

The Western narrative of the pro-democracy movement against a supposedly tyrannical Putin was based on wishful thinking and the motivation to fuel the anti-Putin rhetoric that dominates Western news coverage of Russia. With a readership entirely dulled by a decade of propaganda, the demonstrations in Russia were easy to serve up as yet another sequel to the travelling Arab Spring theater of revolutions as John McCain expressed in his tweet (subsequently removed from his Twitter micro blog after this living monument to Democracy in America sobered up).

The «for fair elections» tag was anyway at least superficially right, for it was disappointment with the Duma elections that ignited the protests. But no supposed fraud, either in the Duma or presidential elections, can be put down as the underlying cause of them. It is not what brought the people to the streets. Rather the well-planned «Election Fraud» campaign served as a point of convergence for a host of political groups and citizens without clear political preferences.

To get to the root causes for the (now faded) protest movement we have to first understand who was there. As noted, the political pundits claim that it was a middle class protest. But I cannot agree with this contention. The whole idea is based on a cardinal misconstruction of the concept middle class and the failure to understand that at least some 60 to 70% of the Russian population should be included if this concept is to be used at all.

For this analysis it is crucial to distinguish between the protest participants and

their organizers. The protests were organized by a host of political interest groups which converge in the belief that whatever is bad for Russia is good for their political prospects. These include the «liberal» pro-American politicians of the old guard like Boris Nemtsov, Vladimir Ryzhkov, Mikhail Kasyanov and the chess master Garry Kasparov; Yabloko, the party of the eternal political wannabe Grigory Yavlinsky; Alexander Navalny, who at times poses as a blogger and anti-corruption fighter but more fundamentally embraces the radical and racist nationalists; the radical nationalists themselves referred to as «The Russians,» led by people like Alexander Belov, Dmitry Dyomushkin, George Borovikov; the Left Front, a marginal revolutionary anti-capitalist movement whose leader Sergey Udaltsov successfully utilized the protest movement for his private image-making campaign; some deputies of the parliamentary Communist Party and the Just Russia Party. Finally this veritable Coalition of the willing was joined by celebrities from the world of culture, arts, and not-quite-arts like Big Brother hostess Kseniya Sobchak and the writer of some uninspiring historical detective fiction, Boris Akunin.

We see from this coalition of the willing that they are not unified by any political ideology. Considering this and the fact that there are yet other political forces in Russia, it is not quite correct to refer to these groups as «the opposition.» Well, clearly they are in opposition to the present elected government, but they are not the opposition. Bigger opposition forces are the mainstream Communists, who got some 19% of the votes in the Duma elections, and the electorate of Vladimir Zhirinovskiy's LDPR (if not the party leader himself). This applies also for the Just Russia of Sergey Mironov. Opposing the anti-Putin protest movement there were also quite significant groups which nevertheless could not be pinned down as pro-Putin (the «anti-orange revolution» groups).

What emerges is a quite normal political map of sympathies for various ideologies and causes. Which is rather reminiscent, for example, of the situation in my native Finland. The big difference with Russia is that in Finland the silent majority, which corresponds to Putin's support in Russia, is for historic reasons split into three parties (the Conservative Party, the Center Party and the Social-Democratic Party) with, however, very little difference in their political platforms. It is interesting to note that the winning mainstream candidate, Sauli Niinisto,

in January presidential elections in Finland got 62.6 % of the votes (in second round after consolidating the mainstream vote). Compare this with the 63.6% Putin got with more or less similar political platform. It has not yet occurred to anybody to refer to the one third of voters who in Finland did not vote for Niinisto as «the opposition.» Nor would anybody claim that the losing candidates were «pro-democracy,» as all those that oppose the democratically elected Putin in Russia are called.

It is more difficult to compare the Russian political map with that of USA because in the latter two parties have by hook and by crook monopolized the power so that all other political forces are essentially barred from challenging these twin pillars of the US establishment.

Most importantly, Russia is in this respect a quite normal country. There is a wide spectrum of political preferences and tastes, which may change from time to time and from issue to issue. Just like in any European civilization. This is because the electorate has matured during the years of Putin so as to have the capability of analyzing political and social issues in a complex manner and to draw the relevant situational conclusions after weighing the pros and cons. Russia is no more a third world country with an autocrat that people either love or hate and where it would therefore be easy to orchestrate a revolution fueled by hate, which is what «the opposition» is being employed for . When the Russians are told that «Putin should go,» then they want to know why, who would come instead, what the pretender would have to offer, and so on. But no program whatsoever was offered. Russians did not warm to the surrogate program consisting of the five official demands of the protest organizers:

1. Freedom for political prisoners

- Frankly, there are none. Surely there may be criminals with political sympathies, but that is clearly a different thing.

2. Annulment of the election results

- The biggest opposition party of those that did not make it to the parliament, Yabloko, got 3.43% of the vote. Not very many there who would like to smash windows and burn cars on the streets to give it a rerun.

3. The resignation of Vladimir Churov, head of the election commission

– 50% of the people have not even heard of this person. Nothing much to get excited about.

#### 4. Registration of the opposition parties and new democratic legislation on parties and elections

– This coincides with the government's initiatives and will come into law very soon. So no point in making a revolution for the sake of it.

#### 5. New democratic and open elections

– This point by definition repeats the second demand on the annulment of the results.

As Putin recently said: This part of the opposition needs to grow up and get serious about its demands and political programs. The people who abandoned the protests after the initial euphoria agree with this. But as they start to formulate and communicate their programs and register their parties according to the new law, it will be evident that at least 5 quite different parties will appear. We have already seen how the nationalists have walked out of the coalition.

Note that above, I was only speaking about the organizers of the protests, not the participants in them. I think it is fair to estimate that the various groupings close to the organizers can in Moscow gather a following of 5 to maximum 10 thousand people for their street protests. (When the radical nationalists publicly stampeded out from the last protest held on March 10 on Novy Arbat only some 5 thousand protesters were left on ground). Yet some 40 to 50 thousand people may have participated in the three most populous protests in December through March. These 30 to 40 thousand other people, on top of the hardcore supporters, came for totally different reasons, which I claim have to do more with an overall frustration connected with their perceptions of how Russia compares with the West. But now as the protests have faded out, we can certainly conclude that these frustrations were not addressed by the «the opposition» either, with their demands for the firing of Churov and freeing of imaginary political prisoners. After all, they could see from their own experience that they were not imprisoned for showing up at the rallies.

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## **Putin's Social Liberal Patriotic Party**

This article was originally published in March 2012<sup>42</sup>

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When I was a young man I wished there were a party which was socially just in spending but liberally intelligent in making the market work so as to serve as the engine that produces the welfare. But our traditional parties have usually been only on one side of the equation: the leftist parties have wanted to spend what is not produced, and the rightists have not wanted to distribute fairly what is produced. I argue that with Putin we have a politician who connects in one person these two ends of the system with his politics of a socially oriented democratic market economy. Combining all aspects of his policies, I would like to propose that he calls his party the Social Liberal Patriotic Party of Russia. Let's see below my reasoning behind this judgment.

### **Democratic**

When Putin became president in 2000 he took over a country plagued by criminal anarchy. But with only 12 years at the helm of Russia, Putin has converted the country into an emergent democracy. We can say that during these 12 years, Russia has traversed the same development of democracy that it took 100 years for Europe to go through. Putin understands that democracy is not a thing that can be imported from abroad or something that could possibly be implemented by fiat. Instead he recognizes that democracy is about social practices, the way people interact with each other in processes of free democratic competition. For democracy to develop it is necessary to create equal conditions for all citizens to participate in the democratic competition unhindered by any monopolistic influences that may distort the free competition. This means that Putin's task has been to guarantee a level playing field for all citizens and release it from the grip of the enemies of open society. To do this Putin has overseen improvements by quantum leaps in the living standards of the Russian people. This has enabled most Russians to participate in the democratic competition as well-informed citizens who can devote their time and resources to more than just the basic needs of survival. By concentrated efforts Putin has also ushered in a free press after reining in the media tycoons that in the times of anarchy seized control of

Russian television and much of the printed press. The improvements in living standards and quality of the free press have, together with a stable development of the democratic institutions of parliament, electoral laws and judiciary, created the needed conditions for a real and free democratic competition. Emerging democracies such as Russia are especially vulnerable to foreign interference in the form of concentrated and systematic propaganda attacks and the employment of pressure groups that are intended to sow mistrust in the emerging democratic institutions by orchestrating campaigns of misinformation and street protests. Although the effects of these threats have been somewhat mitigated during the last decade, they remain very real threats to the fledgling Russian democracy.

### **Market Economy**

In the USA people usually refer to the system of market economy as Capitalism by juxtaposing it with Communism. But Capitalism is the wrong ideal, and should be left to denote a monopolistic system where capital is accumulated in the hands of a few capitalists. Instead we should refer to the ideal system as a liberal market economy where everyone is awarded an equal chance to compete and thrive in business by containing the abuses of monopolistic capitalists. In fact, understanding Capitalism in this way as a monopoly of production assets in the hands of the few brings it very close to Communism, which is a monopoly of assets in the hands of only one entity, the state (or its self-proclaimed caretakers). In this sense the system in the USA clearly is Capitalism and not a liberal market economy. More than anything the problems inherent with this kind of a capitalistic system are illustrated by considering how in the USA the media assets have been concentrated in the hands of a few media conglomerates. This media oligopoly abuses its dominant position by distorting news coverage both domestically in America and globally in favor of their commercial and political interests while at the same time lowering the intellectual and artistic standards of television and the press in an attempt to create a class of mindless consumers.

Putin's line is not that of a monopolistic capitalism but a real liberal market economy. But this should not be confused with the present state of affairs in Russia. When Putin came to power the state had been stripped of some of the most lucrative assets which were given away for a farthing to the new class of

oligarchs in staged and fraudulent privatizations. Since then, the state has regained some of the assets and also continues to manage large infrastructure assets. Putin's policy is to retain the state's role as an owner and investor in sectors important to the whole nation and in those sectors of the economy which would otherwise not attract investments. At the same time his policy is to encourage private investment and ownership in all other sectors of the economy.

### **Socially oriented**

During his 12 years in power, eight years as president and four years serving as the Prime Minister under President Medvedev, Putin has overseen a spectacular turnaround in the national economy. The GDP has increased by some 850% during his tenure. Having earlier been burdened by debt, the country is now effectively debtless with an external national debt of less than 3% of GDP (in comparison with the typical 60 – 120%, or more, for Western countries). At the same time, Russia has accumulated more than 500 billion dollars' worth of currency reserves. The average wage has gone up by some 15 times from 1,500 rubles (60 dollars) per month to 22,600 rubles (750 dollars). From the hyperinflation of the 1990's there is only a memory left with the single-digit rates of inflation of today. And unemployment has been halved from 12.4% in 2000 to 6.2% today.

But the critics of Putin habitually belittle these spectacular achievements by falsely claiming that they have merely followed from a rise in the price of oil. This argument totally misses the point that it is precisely thanks to Putin's policies that the revenue from export of oil now serves the national economy. This has been achieved through severely taxing oil export revenues and subjugating to the rule of law the oligarchs who illegally gained control of oil and other natural resources during the years of anarchy in the 1990's. Prior to Putin's coming to power the oligarchs, led by the jailed tycoon Khodorkovsky, had been very successful in opposing any taxes on oil exports through intimidation and bribery of the political authorities.

Apart from the high taxes on oil, Putin's tax policies are very lenient. For example, Russia runs a record low personal income tax: a flat 13% for all income levels. This, if anything, should constitute the measure of liberty. The Russian government lets people decide for themselves how they will spend their income.

Thus in Russia people are left with the personal freedom to choose how they will conduct their lives with the money they earn. At the same time the Western governments, which pride themselves as being liberal, on average impose a 50% tax on people's income, thus reducing citizens to the role of tax serfs for the state.

Thanks to the heavy taxes on the oil riches, Russia has been able to make significant investments in the social sphere even while the overall tax burden has remained moderate. As a result of this social spending the Russian people today enjoy a far better social protection than ever before in their history. During these 12 years average pensions have been raised by some 2,000%, reaching a level that now allows pensioners a decent living. This while leaving the retirement age at the lowest levels in Europe at 55 for women and 60 for men. And now Russia's economy has reached a level that has also allowed considerable hikes in the salaries of formerly deprived state officials such as military personnel, police, teachers, professors, doctors and healthcare professionals. Other social spending has gone, for example, to boost child allowances, raise student grants, and end the waiting lists for kindergarten. These and other social welfare measures have dramatically improved the demographic perspectives of Russia with a simultaneous decrease in death rate and rise in the birth rate, extending the life expectancy from 65 years to 69.

Such has been Putin's emphasis on social spending that both his Western critics and the domestic opposition call it foolhardy and populist. But Putin has a solid track record of running a balanced budget with sufficient reserves so there is no reason to think that he would not know what he is doing. In my opinion this social spending is also driven by a will to stimulate the economy. And perhaps there is an even more fundamental idea of modernizing Russia and its economy by creating vast new layers of consumers. After all, the past success of the Western European countries is to a large extent due to the fact that the purchasing power of people was raised by strong measures to redistribute wealth. It seems that Putin will emulate this experience, albeit faster and with a lesser tax burden on the people. The ultimate success of this strategy will rest on the degree to which this newfound purchasing power will be channeled into consumption of domestically produced goods and services. As this stimulus is directed through

the pockets of these presently low-income categories of people, there is certainly reason to believe that it will directly benefit the local producers to a big degree. Thus it does not only mean a stimulus of the national economy, but also an effort to achieve a more even distribution of national wealth within Russia, away from Moscow and the big centers towards the provinces. Considering these facts, I predict that the pace of economic growth in Russia this year will pick up from the approximate 4% that is the consensus among economic analysts to a level between 5.5 to 6% of GDP.

**Social Liberal Patriotic.** Putin's drive to create a democratic market economy is marked by his pragmatic policies based on recognizing the facts of present reality but with a strong intention to change these very facts. Therefore Putin is an evolutionary leader, not a revolutionary one. I would even characterize Putin as a Lamarckian evolutionist who is not misled by Darwinian ideas of the survival of the fittest and rather believes that social practices have to be gradually adapted towards the ideal goal.

There is one more important aspect of Putin's politics. That is patriotism. Putin recently said that he sees patriotism as the only unifying idea that can be applied to all Russians. I agree, especially because Putin's patriotism is a benign patriotism which is intended for the good of the people and not against anybody. Putin's patriotism is not that of an ethnic nationalism of Russians, which form of nationalism has no future in the multiethnic country of Russia. In Russia any such nationalism could only contribute to the destruction of the Russian state, consisting of so many people of different ethnic origins, languages, religions and cultures.

Because of the traditional classification of political parties in terms of left and right, conservatives, socialists, centrists, liberals, nationalists, etc., it has been difficult for United Russia, the party that channels Putin's support, to create a proper image of itself. For, as we have seen, Putin's politics combines the best of all the traditional political movements while rejecting their worst aspects. I would, therefore, advise United Russia not to fall into the trap of history and dress itself up in these worn-out political concepts. Instead the party could choose to call itself the Social Liberal Patriotic Party of Russia, to show what it really

stands for. This denomination makes sense because Putin's politics is social for a just distribution of welfare, liberal for a free market that produces the national wealth that is to be justly distributed, and liberal in upholding the values of personal freedom. And only a patriot can really care for his country – and respect the right of other countries to do the same for themselves.

The prolonged economic and political crisis in Europe serves as a warning to all those that try to wrap the politics of the 21st century in the concepts of the 20th century. In Europe all parties, no matter what they are called, are essentially conducting a social democratic policy that is hostile to the market and has killed free competition in all spheres of life, for example, by adopting the failed monopoly currency and by directives of the European central-planning body that aim to regulate in detail each aspect of doing business – and indeed of life. At the same time the European political leaders have promised people a life of plenty without being able to afford it. These are promises that the European people are now paying for dearly.

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## **The Intelligentsia, the new iClass and the Psychology of Russian Protests**

This article was originally published on April 2012, on the website Hellevig.net<sup>43</sup>

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If we want to understand the reasons behind the Russian protests in the run-up to the presidential elections in 2012, then we need to distinguish between the organizers of the protests and the mass of the demonstrators that showed up at the most populous rallies, gathering a crowd of some 40 to 50 thousands.

The organizers consist of a wide array of political groupings, ranging from rightist liberals to racist nationalists and communist anarchists. These people are naturally not unified in any kind of a political program and merely form a Coalition of the willing driven by the farfetched idea of overthrowing Putin and his party by means of street protests and anarchy, using the methods of color revolutions. But these people are lagging behind those they claim to represent, for the Russian electorate has matured enough to analyze politics and social questions with their own brains and make their own decisions after weighing the pros and cons of complex matters. In another article, *The Disparate Russian Opposition*, I wrote about the protest organizers, the «opposition,» and the political map of Russia. Here I want to dwell a bit on the participants that followed the call in masses of 40 to 50 thousand people at the most populous rallies.

The bulk of the hardcore protesters close to the organizers, some 5 to 10 thousand people, consisted of such strange bedfellows as the so-called liberal intelligentsia and the racist nationalists. But at the last major attempt at a massive protest on March 10 on Moscow's Novy Arbat, the nationalists made a show of splitting off from the liberals, demonstratively leaving the scene and promising not to join forces with the liberals any further.

With the nationalists gone, some 5 thousand people were left, consisting mainly of the liberal intelligentsia, who get their news from Echo of Moscow radio station, the internet journal *gazeta.vru* (that is not a printing error, *vru* is Russian for lying), and Radio Liberty. These people are the successors of the Soviet cultural elite who proclaimed themselves «intelligentsia» in praise of their supposed su-

perior intelligence compared to that of the «mob,» as they think of their fellow citizens. The spiritual roots of this «intelligentsia» date back to 19th and 20th century pre-revolutionary Russia. It has been opposing and conspiring against the powers ever since the Decembrist revolt in 1825. It was the «intelligentsia» who brought about the revolution of 1917, the movement, after the chaos they sowed, having been hijacked by Lenin and the Bolsheviks, resulting in the not-so-liberal Soviet Union. It is also the liberal intelligentsia that in turn worked to bring down the same Soviet Union. And now they are at it again.

It is interesting to note that the more these people think of themselves as superior in intellect, the thirstier they get for bloody revolutions and chaos as a means of self-affirmation. Recently it has been highlighted how the writers Ivan Bunin and Fyodor Dostoevsky (writing respectively early in the 20th century and in the middle of the 19th century) already identified the destructive and negative character of this self-proclaimed «intelligentsia» in terms that are completely applicable to their modern-day successors.

In *Cursed Days* (based on his diaries of 1918-1920), Bunin wrote the following about the revolutionary intelligentsia: «It is terrible to say, but true: were it not for the human disasters, thousands of intellectuals would have felt themselves very miserable. What reason then would there have been to gather, to protest, what to scream for and write about?» This is what gave grounds to the idealism of the intelligentsia, Bunin concluded: «in essence an idealism of a very lordly nature, an eternal opposition, criticism, of everything and everyone. For after all criticizing is so much easier to do than actually creating something by your own work.» And «the most distinctive features of the revolution,» Bunin noted, was «a mad lust for the game, play-acting, posture, farce. It brought out the animal in humans.»

Fyodor Dostoevsky in turn wondered about the nature of the Russian liberals in his diaries, saying: «why is our European leaning liberal so often the enemy of the Russian people? Why then do the people that in the very Europe call themselves democrats always side with the people, or at least rely on their support, while our democrat is often an aristocrat who at the end of the day almost always serves the interests that suppress the popular force and end in domineering of the people by the superior ones.»

The film director and Putin's campaign manager, Stanislav Govorukhin, recently also quite aptly quipped about the dark essence of the intelligentsia.

Depending on what point of view one looks at it, I find the concept «intelligentsia» ridiculous and repulsive. It is ridiculous that certain people from the arts, culture, media and the leisured classes in general refer to themselves as «intelligentsia» with the connotation that they consider themselves «the intellectual elite of the society,» with the further connotation that they regard themselves as more intelligent than others. But the average journalist, detective fiction writer, painter, and rock musician is certainly not any better endowed than his fellow citizen to judge and pronounce on matters of social life and democracy. And it is outright repulsive when the people of this self-proclaimed «intelligentsia» move on to really regard themselves as an «elite» whose opinions are supposed to count more than those of the vast majority of people whom they despise.

Naturally it is only to be recommended that artists, other cultural workers, philosophers and such people participate in political activity, as long as they understand that they do not form any special class of «intelligentsia.» In fact, only normal people free from that kind of vanity can properly and intelligently judge life around us.

It was neither the nationalists nor the liberal intelligentsia that made up the bulk of the protesters but, as I affirm, basically apolitical affluent urban dwellers. Most political pundits refer to them as the «middle class.» But this is wrong-headed and based on a total miscomprehension of the concept middle class, a miscomprehension unfortunately shared by people of all political preferences. The mistake is to define middle class exclusively through the prism of people's purchasing power (affluence) while it should be recognized that more fundamentally it is to be defined through social, cultural and historic factors. I doubt that the concept has much utility for describing social relations in the virtually classless European democracies of the 21st century, like Russia. The concept developed in another age for societies that were strictly organized according to adherence to classes. There were the classes of feudal landlords, clergy, bourgeoisie and peasants. The middle class emerged to denote the salaried and educated urban people that could not be assigned to any of the aforementioned classes. But today all the

other classes are gone (at least with regard to number and political influence), and instead the designation of middle class fits almost everyone. Nowadays the differences between people derive to a very small degree from the historic roots of a class society (especially in Russia which is the successor to the USSR where classes were eradicated, however we may feel about that) and are more based on personal fortunes and misfortunes, health and interests. With universal schooling and a radical change in living conditions in the rural areas and those of factory workers, I am very skeptical of the idea of excluding even those people from the denomination. Considering the ethnic and regional diversity of Russia, I may accede to the idea that not all people of Russia would qualify for inclusion in the middle class, but at least 60 to 70% should be counted in (although I then still have trouble determining who is to be counted out).

No better is the neologism «creative class» by which some political observers refer to the protesters. I wonder what these people are supposed to ever have created. The adventures of detective Fandorin, or what? For sure they did not create the iPhones and iPads with which to access their Facebooks and Twitters.

People who have their thinking rooted in concepts instead of observed reality insist that in Russia only some 20%, or maximum 30%, constitute the middle class (one wonders then, to which class the rest belong). They arrive at this conclusion by analyzing the figures of economic purchasing power and pronounce that only those people that can afford a second car, so and so many trips abroad, and a «euroremont» of their flats qualify. But if these are the criteria, then I definitely insist that we rather define these people by their iPhones and iPads. In fact, just for this propensity to use the latest gadgets and the mass hysteria social media, I prefer to refer to the bulk of the protesters as the iClass. (I owe this concept to a Russian friend of mine who first called these people the «iPhonchiki»). Curiously enough a market survey ([www.smartmarketing.ru](http://www.smartmarketing.ru)) conducted at the site of protests on Bolotnaya Square revealed that the iPhones and iPads of Apple were predominant among the demonstrators, the iPhone being held by 49% of smartphone users, even though it only represents some 6% of the total Russian market of smartphones.

What motivates the iClass does not lend itself to a political analysis; rather it is a question of social psychology and an analysis of the phenomenon of mass hys-

teria. Many of the protesters are what we used to call young urban professionals, «yuppies.» Their beef with Russia is that it is not like the West: the climate is not right, the beaches are far away, traffic is unbearable, service is poor, and the bureaucrats are rude. Being well-to-do and mobile, they travel a lot. They are convinced that in the West all is better. They have been there. «Nothing to complain about the living conditions and quality of government,» they think after the experience of staying at elite hotels in the glimmering capitals of the world and the jet-set resorts. And what can beat tax-free shopping in London and Milan!

Back in Russia to stuff their pockets, they don't realize that the 13% tax they pay on their income is only a fraction of what the Western governments grab from their citizens. (Funnily enough, in the recent World Bank study on the competitiveness of the Russian economy, they cite, approvingly, a study according to which Russians consider this lowest income tax in the world excessive). In Russia they are free to do what they want with their money. It's a liberal haven. But they don't get it.

The iClass has a good command of English, so they have access to the constant Western propaganda directed against Russia in the Western media. They think they are privy to privileged truths. And they act upon that. Everything that is wrong they learn from the «free press.» The same press that lies that their protests gather 100 thousand people «braving the bitter cold» and that pro-Putin protests consisting of «bused in, paid for, and intimidated state employees» garner only 20 thousand (as the venerable Associated Press lied to the global public). Many of them work in Western companies which usually run a more rewarding corporate culture than their Russian peers. They deal with happy foreign management with liberal expat compensation packages and hygienic corporate offices. «This is cool, the West is better, why aren't we like that,» the iPhonchik thinks.

«I'm different, I am independent, I think for myself,» they learn from the iClass social media which they blindly trust – collectively. All converge in their new-found independence. Independently they joined the cheers of 30 or 40 thousand of their copies and shouted «Russia without Putin» – hoping the climate would change.

My point is that the iClass protests were driven by perceptions of Russia versus the West (their West of the elite hotels – not the homes with the 15 degree winter

room temperature due to lack of central heating, or the households of the 40 to 60% personal income tax). It is against this psychological backdrop that the real problems of Russia can be exploited, some of which represent fundamental political problems and a couple of mistakes of the leading authorities.

The real fundamental problems are corruption and bureaucracy, both inherited from the Soviet Union and aggravated in the years of criminal anarchy of the 1990's. But the iClass does not have any sense of history and no interest in analyzing causes and effects. For them Putin is to be blamed, just as he is to be blamed for the harsh winter, and the sweltering summer and forest fires. Twelve years in power and corruption and bureaucracy still dominate, the iClass social media tells them to think. At the same time the propaganda they are the targets for says that Putin is a repressive autocrat, who must be opposed by any means. But this just signifies that they share with Putin the rejection of repression as a means to cure the problems of corruption, but further than that their cognitive processes do not go. They don't understand that it has been a fundamental condition to enable the fight against corruption to establish a central power with the main state functions in reality being subordinated to the government, something that has been achieved only in the last two or three years. There was no central government when Putin came to power, but now there are the rudiments of it. It is only now, for the first time in some 90 years, that the Russian state has acquired a legislative base and the political force to tackle the problem in an intelligent and effective way. And now because the real middle class re-elected Putin we can expect that the fight against corruption will bear tangible results within the next two to four years.

But although a lot has been done to fight the manifestations of an excessive, abusive and absurd bureaucracy, it is not enough. The efforts here should be seriously stepped up to deliver fast and tangible results. And no doubt it will happen, and that will be the best result of the iClass revolution. Here the government really needs to be on the right side of history.

Then finally we have the problems of the government's own making: the image of United Russia, the party of power, and the news programs of the state owned channels.

After the Duma elections both Medvedev and Putin acknowledged the image problem of United Russia which is mainly anchored in lining the party leader-

ship and electoral lists with bureaucrats, mayors, and governors who lack popular appeal and a real interest in any kind of political ideology. (Another issue is that the ideology itself is not well articulated. For my part I suggest building it on a platform of Social Liberalism and Patriotism). They occupy their positions in the party hierarchy and electoral lists the same way a bureaucrat is appointed. Many find that repulsive and do not bother any further with the ideology or political program.

The state-controlled television news has done a lot to destroy the image of Putin and Medvedev by constantly devoting so much of the air time to the daily activities of these political leaders. My impression has been that one third of the time goes to showing what Medvedev has done during the day, one third to Putin, and the rest to other news. If somebody thinks that this kind of publicity works in favor of these politicians, then they are dead wrong.

To conclude, we see that there is no Arab Spring in the air. We have a host of real and perceived problems. And it seems that the people around Putin have identified the real ones. The fight against corruption is now real and will bring results; daily life will be facilitated and bureaucracy will be cut down with tangible results in the coming years; United Russia will be given a facelift and hopefully turned into a real people's party; and there are encouraging signs that television is changing. Together with continuing economic growth thanks to Putin's social liberal program these measures will secure the needed support for the government.

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## **Russian Press Freedom and the Western Media Hoax**

This article was written especially for this book.

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Freedom House, a US government-funded pseudo-NGO, just issued its annual «Freedom of the Press Index» for 2012. As usually happens, Russia again received a dismal assessment of the freedom of its press, being ranked a lowly 172 of 192 countries. Russia shared a spot with Zimbabwe and barely edged out places like Ethiopia, Gambia and Congo, but fell behind such beacons of liberty as Afghanistan, Sudan, the USA, and Brunei.

This index purports to represent the results of an annual survey of media independence assessing the degree of print, broadcast, and internet freedoms throughout the world. In fact, it is put together in an arbitrary fashion based on political motivations, and where Russia is concerned, the index serves as a tool in the anti-Russian propaganda campaign orchestrated by the USA. Let's take a closer look at the factors behind Russia's rating. The detailed report for 2011 (to which the 2012 index refers) has not yet been published; therefore we will refer to the details from the 2010 report. (It's interesting to note that although Freedom House has not yet done detailed reports for 2011, it has none the less already assigned each country a ranking in the index. What better evidence to show that the rankings are imaginary and the reports are done post factum merely to justify the imaginary rankings!)

Anybody who knows Russian and has access to the country's television, radio, print press, and internet will be easily convinced as to how nonsensical it is to assign Russia such a rank in a press freedom index. The print press and the internet are as competitive and pluralistic as in any country considered to have a free press. The only aspect of media that could potentially merit a negative assessment is the dominant position of the state in television. But this does not mean that there is a lack of candid public discussion. To my mind the situation resembles that in many other countries; one could mention, for instance, the concentrated ownership of television networks in the USA.

One can only conclude that there is something fundamentally wrong with these well-publicized press freedom ratings. The problem starts with the rating agency

itself. Although Freedom House poses as a non-governmental organization, it is in fact an extended arm of the US Government. This pseudo-NGO receives at least two-thirds of its funding directly from the state budget, and most of its leadership positions are occupied by former career officials from the U.S. Government who have been directly involved with its foreign policy and intelligence services.

It is remarkable that Freedom House does not bother with the actual content of Russian media coverage; rather, they try to ground the bad rap given to Russia with other – at times quite fantastic – arguments. They completely ignore the real evidence at hand (the actual stories in the print press and television) in favor of their biased, and at times imaginary, circumstantial evidence. In reality, if Freedom House based their judgment on actual stories in the Russian press, they would have a hard time finding something amiss with Russia's press freedom. Instead, Freedom House takes aim at the political structures (essentially blaming Russians for voting the wrong way) and social situation in Russia.

Along these lines, Freedom House has gone to great lengths to concoct a report purporting to show that Russian media freedom «remained extremely poor in 2010» (Freedom of the Press 2011 survey, which refers to conditions in 2010). The Russian government is, according to the report, «relying on alternatively crude and sophisticated media management to distract the public from widespread government corruption, domestic terror attacks, and the country's economic crisis.» All of these claims are demonstrably wrong.

«Distract the public from corruption.» State officials – starting with the president and prime minister – frequently address the problem of corruption in public, which would be evident to Freedom House, too, if they would bother to actually read the papers and watch TV.

«Distract from domestic terror attacks.» It is a mystery why Freedom House wants to show its total disconnection from observed reality by putting forth this ridiculous claim. It is a simple fact that every time a terror attack has occurred, it has been headline news in all Russian media, both print and broadcast.

«And the country's economic crisis.» The Russian government, they tell us, prevents the press from discussing its «economic crisis.» What can you say to this kind of argument? How can you prevent discussion of an economic crisis which does not exist in the first place? Is the government supposed to invent an economic crisis in order to appease Freedom House? The fact is that Russia started to recover from the global financial crisis in late 2009, and in 2010 – the year of the survey – industrial production in Russia grew by over 8% and GDP by 4%, and has continued to grow at a rate of 4% since.

Believe it or not, it is by these criteria that Freedom House condemns Russia's press freedom!

A curious aspect of all this is the fact that the Russian press itself gives wide publicity to Freedom House's press freedom rankings each year, prominently publishing the reports as headline news. This supposedly totally repressed media is the first one to report on its own repression!

Living up to its Orwellian name, Freedom House argues thus: «Most state and private media engaged in blatant propaganda that glorified the country's national leaders and fostered an image of political pluralism» – claiming that President Dmitry Medvedev was leading the process of Russian modernization while Prime Minister Vladimir Putin was working to maintain stability» This naïve claim is not substantiated by reference to any kind of evidence.

Further on, we read in this report written in the earnest, halting style of a high school essay: «Officials used the country's politicized and corrupt court system to harass and prosecute the few remaining independent journalists who dared to criticize widespread abuses committed by authorities.» Freedom House, of course, has its own definition of «independent journalists»: so-called opposition journalists, and more precisely, those that work on their side of the propaganda battle.

The report reaches its sick culmination with the lamentation that the US broadcasters Radio Free Europe/Radio Liberty and Voice of America – which specialize in harassing the Russian population with their propaganda – have been prevented from doing their work by the government having «pressured» FM radio stations to stop rebroadcasting them.

In the 2012 index, Russia did achieve a minor victory: it was upgraded from 2011 by one notch, leaping from 173rd to 172nd place. (I can imagine the euphoria with which this news was greeted by the Russian public.) The motivation for this exceedingly generous gesture was that «in Russia, new media made some progress in mitigating the government’s near-complete grip on major broadcast outlets.» By «new media» they mean the internet, which in Russia has been totally free in every aspect since it started; indeed, much more free than the US internet. So even this gesture only confirms the totally arbitrary nature of this «index.»

What it boils down to is that Freedom House and its masters are aggravated by the fact that Mr. Putin still holds power in Russia. As long as he does, it’s a fair bet they will keep publishing these and other nonsensical freedom ratings. And when Putin finally does leave office, we can expect the ranking to skyrocket, because «Twitter and Facebook have now consolidated their positions in the Russian regions.»

**Reporters Without Borders** (RWB) also assigns Russia a dismal place in their «Press Freedom Barometer.» In the latest issue for 2012, Russia was downgraded by two notches from 140th to 142nd place among 178 countries surveyed. Interestingly RBW, like Freedom House, chooses totally to ignore the actual media coverage and instead, again like Freedom House, condemns Russia to the lowest circle of media hell by reference to the same kind of imaginary circumstantial evidence. RWB also bases its judgments of Russia’s press freedom on the standards set by their very own propaganda. For some reason RWB missed out on all the interesting developments in the blogosphere that Freedom House was so euphoric about as to raise the ranking to the level of Zimbabwe.

RWB caps its Russia report<sup>44</sup> with this startling conclusion:

«The Russian state is characterized by a lack of political pluralism and widespread corruption. In a country where respect for human rights is far from given, state control of the broadcast media, arbitrary use of an anti-extremism law and, above all, impunity for acts of violence against journalists, especially in the North Caucasus, are the main media freedom violations.»

This is a compilation of ignorance, lies and utter prejudice against Russia. Imagine these reporters without conscience claiming that Russia is a state «where respect for human rights is far from given.»

«Lack of political pluralism» – by this they mean that Putin is too popular for their liking.

«Corruption.» Let us note that Russian journalists with their media owners are notoriously not free from this vice. Corruption in the Russian press has been rampant since long before Putin took over.

«Arbitrary use of anti-extremism law.» Again there are no facts, not even a solid record of insinuations of behavior on the side of the authorities.

«Impunity for acts of violence against journalists.» By this argument Reporters Without Conscience wants us to believe that the government would be running a system of repression directed against journalists, leaving them as free prey for their foes, with the further implication that the government is the biggest foe. To back up this claim RBW reports that «there were at least 58 physical attacks on journalists in 2010,» as if no one other than journalists can be subjected to violence. Then there follow references to killed journalists. Five journalists are reported to have been killed in 2009, and in 2010, the year of the report, one killing is reported, and for good measure one more is reported from the following year 2011. As the figure for 2010, one murder, was not convincing enough, RBW reminds us that in total 26 journalists have been killed since 2000 (the magic year when Putin became president; yet even more journalists were killed under Yeltsin's presidency than under Putin's, according to the Committee to Protect Journalists). It should be noted that, although both Freedom House and RWB regard the statistics on murdered journalists as the most incriminating evidence against Russian press freedom, the ranking did not rise at all with the dramatic decrease of murders in 2010 and 2011 (when only one journalist was murdered per year among thousands of ordinary citizens, whose lives are apparently of meager propagandistic value). We will return to these statistics later, but I should mention that RBW is in any case less conservative in their estimations than most of their peers in the propaganda business. The difference lies in RBW's refer-

ences to killings that are connected with the work of the journalists, whereas most others want to refer to far bigger figures involving all killings without considering the link to work. Another thing: it is by no means clear that the cases described as work-related really are such. And more importantly yet, if the cases are work-related, it still does not imply that they are an aspect of state repression, which is what RWB ultimately wants to convince us of. However, they refrain from actually claiming that any of the murders would be the result of state repression. This is because there is no evidence whatsoever for such an assertion. And instead they work on a higher level of propaganda – after all, who would know better than the members of Reporters Without Borders how to play that game? – where headlines, insinuations, and an artful manipulation of facts are bundled together into one big package to deliver the intended effect.

So without any real evidence (as there cannot be any evidence of what does not exist), these reporters paint a lurid picture of Putin and his government keeping the press in a state of terror by violence and murder.

The problem with this approach of trying to prove the argument of repression by reference to killings of journalists is that journalists are not the only people that have been murdered in Russia. In fact, as a result of the years of criminal anarchy in the 1990's (the «romantic years of democracy,» as these same Western journalists think), the murder statistics for Russia are dire. Following a total collapse of the law enforcement organs and the judiciary in 1990's Russia, killers were free to strike with impunity. During these years the murder rate went through the roof, and Russia became one of the worst countries in the world in this respect.

In 2002, when Putin had not yet had a chance to consolidate power and implement his policies, there were 44,252 murders, or 30.2 murders per 100 thousand residents. By 2011, the number of murders had dramatically fallen to 16.4 thousand murders, or 11.5 per 100 thousand. The figures are still very high in comparison with some other countries but no longer match the highest global levels. Here are the statistics for some other countries: Colombia 61.1 per 100 thousand; South Africa 39.5; Brazil 30.8; Mexico 11; USA 5.6; UK 2.6; global average 9.61

(figures for 2004-2006)<sup>45</sup>. Here it needs to be kept in mind that in Russia there are big differences between the European territories, where the murder statistics are already well below the global average (and comparable to the US), and the more lawless southern regions. (One should bear in mind that in recent years a large share of journalist killings took place in southern republics like Dagestan.)

It is a sad fact, but only natural, that when so many people are killed in Russia, it is inevitable that journalists will be among them. Even though Reporters Without Borders and their peers might want to look at journalists as a different kind of human being, they are still human, all too human, leading normal lives like many others. And they get killed for the same reasons as ordinary people: accidents, violent crime, and entanglements in private and work life. Due to the specifics of the profession journalists are also more likely to be killed in covering armed conflicts and dangerous territories (hence deaths in crossfire and terrorist attacks).

It should be noted that in other countries with high per capita murder rates there is, by extension, also a high rate of murders of journalists. Thus, for example, in Mexico 80 journalists were killed in the past decade<sup>46</sup>. I remind you that Reporters Without Borders reported 26 killings in Russia since 2000. Nevertheless, no one has yet insinuated that the Mexican presidents or governments should take the blame. On the contrary, RWB pointedly states that involvement of state authorities does not imply a government conspiracy explaining all the intricate deep rooted problems involved like this: «Blame must also be shared by authorities who are either complicit or negligent. Human rights violations by the police and army and the corrupt practices of politicians, who are often implicated in drug trafficking, all help to block investigations into crimes of violence against news media and journalists.» We also believe that the central government of Mexico is not to blame. And much less the central government of Russia for the situation in its country, which furthermore is clearly improving year by year.

Let's now take a closer look at the statistics on killings of journalists in Russia. For reference I refer to a Wikipedia article (*List of journalists killed in Russia*, as it stands at the moment of my writing). The Wikipedia article further refers to investigation by the International Federation of Journalists (IFJ), Committee to Protect Journalist (CPJ) and others.

According to the presented data, 3 to 12 journalists were murdered annually between 1993 and 2009 (with exceptions of years 1995, 2000, and 2002, when there were 16, 15 and 20 murders, respectively). The site offers a separate count which also includes deaths of journalists in crossfires during armed conflicts and in terrorist attacks, but these figures are clearly not relevant for our subject, that is, the analysis of whether a supposedly repressive government stands behind the killing of journalists.

Next we may compare the number of murdered journalists with that of ordinary citizens. To do so, we need to know how many journalists there are in Russia. According to one source at hand there were some 150 thousand journalists working in the field of the *print* press<sup>47</sup>. To this number we have to add the journalists from television, and also at least the camera crew has to be included, because they are also included in the corresponding figures on reported killings of journalists. We may thus reasonably posit that there are about 200,000 journalists in Russia.

In the below table we have juxtaposed the number of murdered journalists with the number of murders overall per 100,000 people:

|                           | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 |
|---------------------------|------|------|------|------|------|------|------|------|------|------|
| <b>General Population</b> | 30.4 | 28.8 | 27.2 | 24.8 | 20.2 | 17.8 | 16.7 | 15.5 | 13.1 | 11.5 |
| <b>Journalists</b>        | 10   | 5.5  | 5    | 2    | 6.5  | 1.5  | 2.5  | 3    | 1    | 1    |

We notice a striking discrepancy here. The relative numbers of murdered journalists are only a fraction of that of murdered ordinary people. If anything, the statistics indicate that the lives of journalists are better protected in Russia than those of ordinary people.

I foresee further counterarguments. The reporters will probably want to claim that the reasons for which journalists are killed are very different from those for which ordinary people are killed. But the whole point is that they are not. Of relevance for the contrary argument would be a high number of cases if a journalist

were killed for work-related reasons. But here we should immediately bear in mind that non-journalists too can be killed for work-related reasons. So, in and of itself, it is not such an extraordinary occurrence. The final measure would then be to analyze how many journalists are killed for political reasons – which really is the ultimate lie that Reporters Without Borders, Freedom House and other such propaganda organizations want to spread. In fact, this last category of reasons should be yet further fine-tuned into an analysis of what kind of political reason there supposedly was; that is, who was the alleged foe.

The cases presented in the Wikipedia article show no traces of the killed journalist having been a foe of a supposedly repressive Russian government or having been in the possession of supposedly damaging material implicating the central government. Of all these cases only one has even been presented as such. This is the case of Anna Politkovskaya. But in her unfortunate case we have all the signs of her being a sacrificial victim of some of the dark forces that have an interest in her murder as a means of heating up the anti-Putin propaganda. An interesting and macabre fact here is that – to make the most of it – the date of the murder was even chosen to coincide with Vladimir Putin's birthday. Prior to her murder Politkovskaya had been promoted by international anti-Russian propaganda as a courageous independent journalist who as a lonely voice dared to stand up against the «Putin regime.» Certainly she dared to do it – as did many others. But one should also analyze what she in fact wrote. She produced nothing in terms of investigative journalism that could have potentially damaged the government. Instead she wrote a series of lampoons directed against Putin, the most famous of them being her *Putin's Russia*, where, in naive fashion, she incriminated Putin for all the accumulated social problems of Russia although Putin had by then only been a few years at the helm. For details, I refer to my article *Anna Politkovskaya – Twilight of an Idol*<sup>48</sup>. The reader can judge for herself what kind of challenge such writings could feasibly present to the government. Her role was not that of an investigative journalist exposing wrongdoings but rather of a rallying point for Western anti-Putin propaganda, which was actively spreading the narrative that Russia was a totalitarian system without any free press, in the Stalinist mold. This was going on while everybody in Russia had full access to information on all the social problems she purportedly exposed. Her writings

were not taken seriously in Russia because they contained nothing new, and nobody could take seriously her approach of blaming Putin for all the problems they had lived with for the past 20 years. Clearly then, a dead Politkovskaya was of most value for Western propaganda purposes.

We may conclude that unfortunately a number of journalists and media workers have been killed in Russia – although in relative terms, it is still much safer to be a Russian journalist than an average Russian citizen. There is no indication that any of the murders could be connected with anything that would even hint at a system of persecution conducted by the government. The killed journalists are victims, like ordinary people, of the more dangerous environment of Russia in general, and especially that of the North Caucasus regions – a country that is only now recovering from the legacy of the criminal anarchy of the 1990's. We have seen that the situation has markedly improved during the time Putin has served as President and Prime Minister, and that today's Russia offers a much safer environment for the population at large and journalists in particular. It is therefore very important that Putin was reelected as President in order to further strengthen this movement towards a normalization of living conditions in Russia and further increased freedom of the press.

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## **Alexandre Latsa**

Alexandre Latsa is French with 12 years international experience (Europe, Russia or China...). He now lives in Moscow where he runs a consulting agency ([www.atsal.com](http://www.atsal.com)), advising foreign companies that develop operations on the Russian market.

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## Critics despite bombs

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And yet the abominable happened. At 14:30 on Monday January 24th, a suicide bomber detonated his bomb in the arrival lounge of Domodedovo International Airport. The attack occurred after Russian's president visit to the Middle East and on the eve of the World Summit in Davos. It clearly intended to undermine the Russian government and to make the international community worry, by targeting foreigners. The toll was heavy: 35 dead and 180 injured. Besides, Russia could have ended the year in a worse way as the airport suicide bomber was apparently linked to a terrorist cell, a cell that had been however identified and dismantled. This cell had planned an attack on the Red Square, in the evening of December 31.

Even in such a difficult time, Russia has only been facing much criticism and little support, with a special mention to the French press which, one more time, stands out. For Helene Blanc on France-Info<sup>50</sup>, for example, one must be particularly careful she says, mentioning the series of attacks that killed 293 in Russia in 1999: «The Chechens were not to blame for the attacks, although they were held responsible for it, as it was the work of the FSB» Anne Nivat says<sup>51</sup> that: «Putin, just like Medvedev, exploit the obsession about security in order to get votes and both were elected because of their rhetoric on Chechnya». The correspondent of Le Figaro in Russia, Pierre Avril, tells us<sup>52</sup> that «the country is close from a civil war». In the end, Vincent Jauvert thinks that the attack proves «the failure of the Putin system<sup>53</sup>». This assertion has already been hammered this summer, when the fires that hit Russia had supposedly demonstrated the failure of a hypothetical «Putin system»<sup>54</sup>. In addition, Mr Jauvert added: «The corrupt and incompetent security services have not identified the suicide bomber».

Yet, far from the posh suburbs editorial offices of Paris or Moscow, in the field, the results of Russia's anti-terrorism fight speak for themselves. In 2010 alone, in Northern Caucasus, 301 terrorists were killed and 468 were arrested. 4,500 raids were conducted, as well as 50 major anti-terrorist operations. 66 attacks have been foiled, although 500 terrorist acts (including 92 explosions and

attacks) have killed over 600 people. In 2012 in Russia, over 360 Russian policemen were killed while on duty. Of course, the Muslim Caucasus and Chechnya particularly, have systematically been presented by Western media as a region of the world, occupied by tyrannical Russia aspiring to its independence and freedom. From that point of view, terrorism in Caucasus would only be a desperate reaction of local people against oppression. A large part of the French population, still having in mind the nostalgia of the Gaul village besieged by the mighty Rome, and being misinformed about the reality in the country itself, is easily persuaded. Yet this is not reality. The goal of terrorists is not to liberate oppressed people but to enslave them. Caucasian terrorists are more and more linked to the Wahhabi movement, an Arabian fundamentalist movement under strong foreign influence. This Wahhabi movement is connected to a destructive and revolutionary ideology which seeks to establish an Islamic Emirate across the whole region. Its core probably finds its roots in the first Chechnya war, when numerous foreign auxiliaries (Arabs, Afghans...) have joined the Chechens, thinking to transform the war of independence war into a religious conflict and bring the holy war in the region. We know what happened next: Chechen nationalists though they lost the war on the ground against the federal army, ultimately obtained a very important political and religious independence for Chechnya, but within the federation. Since then, tensions between Caucasians and foreigners have exploded. Caucasians acknowledge with difficulty the foreigners methods and their uncompromising radicalism which is far from the Caucasian Sufism and not really adapted to the local traditions. Kadyrov also recently and symbolically proclaimed the defeat of Wahhabism in Chechnya. The separation of Caucasus and Russia as wished by the Wahhabis, by the Islamists and by some intellectual foreigners, would not be a solution in any way. It seems clear that the primary consequence of such a decision would be an abandon of the area and a start of internal conflicts and probable development of internal terrorism. Let's also remember that these regions of southern Russia are mostly Russian and since much longer time for instance than the city of Nice has been French. Moreover, many Muslims feel Russian and full citizens of the Russian Federation. They indeed represent one of the facets of the Russian multicultural identity.

It would be really nice if foreign commentators could focus their attacks and their energy on criminals and not on the Russian state. As far as I know, from Madrid to London or Moscow, victims are victims of a one and only terrorism. I do not recall having read from Russian commentators, when similar events struck other European democracies such as Spain or England, in 2004 and in 2005, that the attacks meant a failure of the countries's governments or that their security services had not done their job properly. The reason is that it is virtually impossible to prevent all terrorist attacks. The Spanish, the Israelis, the Turks or the Indians, whose countries are often targeted by terrorism, have since long understood the need for drastic security measures in order to prevent most of these attacks, with varying degrees of success. So even if those measures restrict some individual liberties, they are probably essential in order to let life to follow a peaceful course despite the threat.

Minds are prepared if further attacks occur in Russia and perhaps again in the capital, a fact which unfortunately seems inevitable. The goal of terrorists is always to frighten the population and to destabilize the society. But we, Russian and foreign citizens, must not be destabilized. Rather, it is the coordination of a determined State and of a united and attentive population that will be the best shield against terrorism. Russia has the ability to overcome these challenges. As Alexei Pimanov, broadcaster of the program *Chelovek i Zakon*<sup>55</sup> (Rights and law) perfectly summarized in a recent broadcasting dedicated to these events: «Those who spontaneously and voluntarily offered their help after the attack, those who transported passengers for free from the airport to the subway, those who gave their blood and those who helped the rescue in the first difficult moments, those people represent the real Russia».

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## **Towards a greater Europe from Lisbon to Vladivostok**

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Last Wednesday, June 22 2011, was the anniversary of the beginning of the Great Patriotic War. On 22 June 1941 at 4:00 am, the radio announced the start of the German act of aggression against the Soviet Union. From June 22, 1941 until May 9, 1945, that is to say a little less than four years, this European civil war cost Russia 27 million dead. 27 millions, here is the number that for the Russians symbolizes this tragic period in the History of Europe. June 22 is a traumatic Russian collective memory, a black day (the beginning of the war) but also the reminder that the USSR was definitely not ready militarily against such an aggression. The first months of the war were disastrous for the USSR and the German troops invaded relatively easily Western Russia. The French people clearly understand the meaning of this tragic period, since the pattern of blitzkrieg and disaster was the same in France, at least at the beginning of the war. The battle for France began May 10 1940, and lasted only 42 days as on June 22 1940, the Petain government signed the armistice, acknowledging the military defeat of France and accepting the occupation of the country.

From spring 1942, although on the brink of the abyss, the Russians were able to react. German troops were pushed out of Moscow and the battles moved south and to the Caucasus. The terrible battles of Kursk and Stalingrad contributed to destroy the German military potential and to frustrate Hitler's purpose for Europe. We know how the History went on: the Red Army continued the war until it reached Berlin, where the capitulation was signed May 8 1945, shortly before midnight.

At that point and during almost a half century of Cold War, Europe got cut into two, the East and the West being separated by the Iron Curtain. In 1989, with the collapse of the Berlin Wall, the breakup of the USSR and the dissolution of the Warsaw Pact, one could think of a real thaw in Europe. But the fast expansion of the EU and of NATO eastward created new concerns. From 1989 the physical border that the Berlin Wall represented was replaced by another invisible border, just as pernicious, that had simply moved further east. These »clichés inherited from the past and hovering over Europe« as the Russian Prime Minister recently

said<sup>57</sup>, allowed this psychological boundary to flourish. But those stereotypes and this mistrust datee from a bygone period (the Cold War) during which Russians and Westerners faced each other risking a fourth world war which nobody wants to imagine what it could have been like.

But a new frontier could be reborn in Europe, embodied today by the willingness of Americans to install a missile shield on the continent, which would separate Western Europe from the Russia-Ukraine-Belarus zone, and constitute a new kind of sword of Damocles over the Europe. Yet, as I wrote in my previous column<sup>58</sup>, it is possible to erase this boundary. For example, on Friday, June 17, 2011, for the first time in the History of NATO, a country member (France) delivered substantial military equipment to Russia (the Mistral contract), thus breaking this morbid distrust of some Western decision makers who perpetuate a Cold War mentality. Of course, some U.S. congressmen voiced their discontent, and the Latvian government has said they felt concerned, but this is unimportant: the Mistral contract fits into a much broader picture.

The inauguration last week of a common monument to the memory of the Russian expeditionary force that the Tsar had provided to France in 1916, as well as the story of the heroic Normandy-Niemen squadron that nobody can forget, both underline that a rapprochement from Paris to Moscow is not only a historical reality, but is also already running. A reel entente is not only possible and feasible on the continent, but in the 21st century it has become especially vital. Some of the Central and Eastern countries who thought that to get out of the Soviet umbrella had justified the entry under the umbrella of the European Union and of NATO in order protect themselves from Russia, have probably made a fundamental mistake. Indeed, the Europeans interests in 2011 do not any longer necessarily coincide with those of the 1990s. With the awareness that the post-Soviet or Russian threat no longer exists, one can even wonder what is the interest of Europe to be under the military supervision of NATO, an organization that served during the Cold War, as his Secretary General Lionel Hastings Ismay underlined when he said NATO was used to «keep the Russians out, the Americans inside and the Germans under guardianship». Furthermore the 51 countries of the European space do not coincide either with the space of the European

Union (27 countries). In terms of security and economy, a much larger architecture is surely necessary. Therefore, the future of Europe in gestation, as it now prefigures itself, is likely to head towards a further integration between the East and the West of the continent. The strengthening links of the two Western European powers, France and Germany, with Russia (incarnating the Eastern power of the continent) is the sign that slowly but surely, the continental Europe is uniting and that the Paris-Berlin-Moscow axis is taking place.

This continental alliance desired by the General de Gaulle is also the project supported and defended by the Russian leaders today, whether we consider the statements of Vladimir Putin on creating a community of economies from Lisbon to Vladivostok<sup>59</sup> or of Dmitry Medvedev proposing to create a pan-European security architecture<sup>60</sup>. This architecture is mostly needed in a world in turmoil if Europe wants to establish the necessary means to preserve peace but also to go through the 21st century as a sovereign and independent entity.

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## About the «Snow Revolution» in Russia

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The civic and political events experienced by Russia in the recent days have probably been, one more time, treated in an excessive and erroneous manner by the mainstream media. Russian spring, Snow revolution, weakening of the Putin regime, Arab revolution in Moscow... The excessive critics which were often obsessively directed towards the Prime Minister are certainly in total harmony with a few slogans that I heard at the demonstration. But they are more than anything far from the reality on the ground and far from what the vast majority of Russians think. This time, the French speaking mainstream media did not equal the English speaking one, when one of the most important television channels commented the events in Russia by using images of the riots in Greece. Yet one knows how rare the palms trees are in Moscow and that the Russian police does not wear not Greek uniforms. Any additional comment is unnecessary: just watch the reportage<sup>62</sup>.

Let us start from the beginning. Following the parliamentary elections on December 4, cases of electoral fraud have been identified. However, a serious and non emotional analysis shows that the differences between the surveys, the surveys following the vote, the estimate and the results<sup>63</sup>, are only tangible in the Caucasus or eventually in Moscow, as I had mentioned here. Let's remind that the traditional and conservative Chechen structure (like the role of the teips for example) may be a voting factor rather difficult to understand. The other frauds that were denounced essentially concern Moscow, where the score of United Russia was apparently inflated according to an exit poll survey published by the FOM institute<sup>64</sup> during the counting of votes and that was a hornet's nest. Oddly enough this survey is no longer online on their site today but it was published again on many blogs. And what is easier to manipulate than an exit poll survey realized by an institute? The demonstration movements have therefore mainly concerned Moscow and St. Petersburg, who collected the ¾ of the country's demonstrations. In fact, what about the denounced fraud propagated on the Internet, through social networks, Youtube, and that the Western journalists keep quoting restlessly since the elec-

tions? 7,664 incidents<sup>65</sup> of various types have been identified covering all the polling stations during the elections (in Russia and abroad). Among these incidents, the number of reported cases of frauds in the counting of votes is of 437. Now let's have a look at what the website of Golos, an «independent» association specialised in election monitoring. Golos counts 66<sup>66</sup> cases showing a difference in the counts of observers compared with the final results. Each time the difference of votes was around 100, 200 or 300 depending on the case. The analysis is the same for Vedomosti which publishes a detailed analysis<sup>67</sup> of Moscow's election in which about 30 cases were reported by the Iabloko observers (opposition party) for the entire capital. Can anybody imagine that those 20,000 votes in dispute (at the highest estimate) may allow United Russia to double its score in Moscow? Has anybody noticed that the «independent» observers or those of Golos or Iabloko have found no fraud whatsoever in the rest of the 3,374 polling stations of the capital? Can anybody believe that these few cases of fraud throughout the country could have completely reversed the election's outcome? One can seriously doubt it. Since the elections, no one challenged the irregularities, the frauds and the systemic failures identified by the different observers, political parties and associations. But of course one cannot compare Moscow to Chicago, where 100,000 votes had disappeared<sup>68</sup> during an election in 1982. In addition, many international observers have validated the Russian elections, whether you look here<sup>69</sup>, here<sup>70</sup> or there<sup>71</sup>.

The Golos association (that is very involved in the frauds denunciation in Russia) was funded by the very powerful American associations USAID<sup>72</sup> and NED<sup>73</sup>. Golos was recently caught in the act so to speak, as the Russian press just published an email exchange between the head of Golos and some USAID officials, asking them how much the association could charge (at the moment of the previous elections in Russia) for reporting frauds and abuses<sup>74</sup>.

But the excitement on Internet regarding rigged elections worked very well and about 35,000 people gathered at a large demonstration last Saturday in Moscow (a demonstration I also attended<sup>75</sup>), asking for new elections. The demonstration was called the Snow revolution and participants wore white carnations<sup>76</sup> but also flowers<sup>77</sup>. This combination of symbols is a strange reminiscence of the symbols of

the revolutions of colours (also called Flowers revolutions) that took place in Serbia in 2000, in Georgia in 2003 and in Ukraine in 2004. Even stranger, the site of the mysterious and new association which organized the movement was also called BelayaLenta<sup>78</sup>. This is an Internet domain name that was filed in the United States in October 2011. I personally found the demonstration extremely interesting. It brought together heterogeneous political movements and associations. A number of people came to see what was going on and were surprised of the size of the rally. I would describe the average participant as the Moscow upper middle class. Those rather young and mostly male participants were convinced that their vote was stolen, or were attending the demonstration simply to express their hostility to the Prime Minister Vladimir Putin. The meeting was co-organized by the eternal liberal opponents Boris Nemtsov, Vladimir Milov and Michael Kasyanov and federated within the Parnas<sup>79</sup>, as well as Sergei Udaltsov<sup>80</sup>, the leader of the far-Left Front. Sergei Udaltsov was also a former member of the liberal / communist coalition «Other Russia»<sup>81</sup>, which brought together ultra left-wing, national-Bolsheviks and pro-Western liberals. Liberal and pro-Western associations were also present, just like the Communist Party and Fair Russia and a various far-left movements: the anarchists, the Left Front and Third World movements. But another totally unexpected element for a foreign observer was the strong presence of the extreme right: neo-Nazis<sup>82</sup>, nationalists or even monarchists. Foreigners reading this text may wonder how people who are so different could walk peacefully side by side.

There were a lot of anti-Putin slogans, but no rioting demonstrators at the end of the demonstration. This animosity in the slogans towards the Prime Minister was therefore expressed in very different fields. For some, Putin is an autocrat, for others on the contrary, he is too nationalistic, too liberal or too little left wing. A symbol that was absent from the demonstration was the blogger Alexei Navalny, who seemed though to be the perfect and unexpected synthesis between liberals and right-wing radicals. This very popular blogger (he is more popular in the West than in Russia) is a former member of the Iabloko liberal movement. He is at the origin of the slogan «United Russia, party of crooks and thieves», which is used by the opponents of Vladimir Putin and of the slogan »Vote for anyone except for United Russia». He also participated this year in the «Rus-

sian march»<sup>83</sup>, the march of the far-right movements in Russia, congratulating himself «to have the chance to educate this radical youth». But his mailbox was hacked, which helped to demonstrate that he was<sup>84</sup> (like the Golos association) an employee of the American Association NED (one of the essential supporting structures to the revolutions of Colour over the recent years and inside the post-Soviet space). Alexei Navalny is also closely related to Alexander Belov, the representative of the former DPNI, a far right-wing structure viscerally anti Kremlin. Apart from the influence of Golos and Navalny, one should note that the U.S. have recently promised to increase their aid to the associations operating in Russia, assuring that this aid is not intended to undermine the country's political stability – which one can sincerely doubt about. I attended this demonstration and two main thoughts come to my mind.

First, the rally ended peacefully<sup>85</sup>: it was a demonstration of maturity of the Russian society, from both the demonstrators and the state. From now on, the constantly emphasized myth of the repressive state is no longer valid. The protesters respected the legal framework, everything went smoothly without any serious incidents.

Second, the serious and constructive claims of many demonstrators (asking for free medicine and a reform of the education, for example) seemed to fit the demands of an electorate close to the Communist Party or to the party of the new left block «Just Russia». This left block will occupy approximately one third of the new assembly and seems to be the real opposition force that emerged from the elections of December 4, more than a hypothetical and fantastical orange / brown / red coalition reunited in a meeting organized by eternal losers or by leaders of small groups. It is now plausible that the Russian political life will structure itself around two main blocks: a center-right: United Russia, and a left wing mainstream.

These two observations make me think that the Russian political life should thus keep its stability, while the U.S. purpose of Color revolution in Russia will sink into oblivion.

## About the demonstrations in Russia

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Year 2011 is ending. So does the month of December, the month of political demonstrations. Reminder: after the elections of December 4, 2012, which led to a decline of United Russia and to a sharp rise of the nationalist and leftist parties, electoral frauds were reported. These frauds would allegedly have allowed the party in power (having the necessary administrative resources to do so) to inflate its score and to distort the final results. Yet, nearly two weeks after the election, while investigations are underway following the complaints lodged, the number of identified frauds in the country including Moscow does not seem to have significantly affected the poll, whose results are consistent with the numerous polls and estimates realised before and after the voting<sup>87</sup>.

Let's go back to the demonstrations: On December 10, 2011, a large opposition unitary meeting took place in Moscow, bringing together 30,000 to 40,000 people. I have already described<sup>88</sup> the relative political incoherence of this demonstration which brought together side by side members of the Muscovite gilded youth, radical nationalists, anti-fascists, liberals and communists. The simple fact to wish the retirement of Vladimir Putin is not a political program per se, and as far as the organisation of new elections is concerned, one wonders how this relates to the dozens of sub-political factions not even being candidates to national representation.

December 17, the liberal opposition party Iabloko gathered some 1,500 supporters, while the same day a thousand of supporters of the Eurasian movement and of the Union of Russian citizens (Профсоюз Граждан России) gathered to denounce the Orange manipulations<sup>89</sup> and to remind the need of a strong state. The next day, December 18, nearly 3,500 members of the Communist party got together. December 10, during the big opposition demonstration, a leader of the liberal opposition, Mikhail Kasyanov, had asserted that »If we are now 100,000, this could be 1 million tomorrow«. Mikhail Kasyanov called for a political spring in Russia, a speech eerily similar to the one of the excessive Republican John McCain some weeks ago. But so far, no human tide has swept through the country in

cities, which saddened many Western commentators who had already foreshadowed the Armageddon in Russia. What blanketed the country on December 24, day of the unitary demonstration, was just a heavy snow.

In the end, December 24th has only been a success for Moscow city. In the provinces and in other Russian cities, the mobilization has weakened compared with the rallies of December 10th. In Vladivostok, the demonstration brought together 150 people, against 450 on December 10. In Novosibirsk, 800 people marched, compared to 3000 on December 10. In Chelyabinsk in the Ural, the demonstrators were less than 500 in comparison with 1000 on December 10, and in Yekaterinburg 800 people demonstrated while 1.000 did on December 10. In Ufa, 200 people gathered, as many as on the 10<sup>th</sup> of December. In the end, 500 people marched in Krasnoyarsk and 700 on December 10. Note that in St. Petersburg, one of the hearts of demonstrations as well as a liberal bastion of Russia, about 3,000 to 4,000 people got together, compared to nearly 10.000 on December 10 (Source: Ria Novosti<sup>90</sup> and Ridus.ru<sup>91</sup>).

In the capital on December 24, three different meetings were held. 2000 nationalists from the Liberal Democratic Nationalist Party of Vladimir Zhirinovskiy and 3,000 supporters of the political analyst Sergei Kourganian have demonstrated separately in order to respond to the «orange plague». In the end, and above all, 40,000 to 50,000 people gathered to what was probably the biggest opposition rally of the year on Sakharov Avenue.

This demonstration took place without any serious incidents except when, at the end, some right-wing radicals tried to get on the podium by force<sup>92</sup>, event though ultra-nationalist leader Vladimir Tor has spoken a few minutes earlier. Besides, one can wonder why the numerous Western journalists present at the venue, did not notice that thousands of young radical nationalists whistled or shouted «Russophobic» toward some speakers of different faiths and chanted slogans such as «The ethnic Russians forward», or «Give a voice to ethnic Russians». The least<sup>93</sup> we can say is this is a surprising double standard.

In the country and especially in Moscow, the rallies of December 24 have turned into a total political cacophony. The meetings have again gathered all the most unlikely political groups, radical nationalists together with fascist, liberals,

Stalinists, activists or gays and lesbians and a few stars of the Russian show business. Surprisingly, the billionaire Prokhorov and the former Finance Minister Aleksei Kudrin (yet close to Vladimir Putin) were also present at the Moscow demonstration. Aleksei Kudrin spoke, adding to the cacophony and triggering a record of booing in the public. For the first time a very well known opposition Deputy has underlined this systemic disunity of the so-called opposition by leaving the demonstration before he even spoke. Same story regarding the political analyst Vitaly Ivanov, for whom the opposition to Vladimir Putin is a nebulous backstairs gossip.

The next big day of demonstration is supposed to take place in February, i.e. one month before the presidential election on March 4, 2012. However, it is difficult to imagine how Putin would not be reelected, first of all given the economic situation of the country. The GDP growth should reach almost 4.5% in 2011 and probably as much in 2012. The unemployment rate fell to 6.3%, the country's debt is lower than 10% of the GDP and the exchange reserves are of about 500 billion dollars. Inflation is dropping and estimated this year of 6.5% i.e. its lowest level in 20 years. Russia is now the 10th world biggest economy in nominal GDP and the 6th global economy purchasing power ratio wise. According to analyzes of the British research center (CBER), Russia should be the 4th world economy around 2020. It is therefore very difficult to imagine how the person held directly responsible for this major economic recovery by the majority of the Russian citizens, could not be reelected. Of course the wave of discontent could be reflected in the presidential election scores of March 2012. Putin may neither be elected in the first round with 71% of the votes, as he was in 2004, nor with 72% of the votes, like Dmitry Medvedev in 2008 while Russia was in a total economic euphoria. The score will probably be closer to the one of March 2000 (Vladimir Putin had won with 52% of the votes) or there may even be a second round. If this is the case, Putin would probably face the candidate of the Communist Party, Gennady Zyuganov. A tough choice for the Westerners, but that would perfectly reflect the electoral trend initiated by the last general elections in Russia where the left wing parties increased their electoral weight.

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## **A new opposition «Made in Russia»**

This article was originally published in RIA-Novosti on January 2012<sup>94</sup>

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The presidential elections are approaching, and the Russian home policy is a fairly recurring recurrent theme in the recent analysis and forums of RIA Novosti. It is also one of the most discussed topics on the Russian Internet, especially since December 2011. Maria Selina<sup>95</sup> recently wondered if a new wave of emigration would take place and very cleverly deduced that the demonstrations of December 2011 could theoretically put together the whole of those who reject the Russian political system and may choose to pack up and leave the country. My readers know it, I covered the December demonstrations and I published pictures and texts that led to passionate debates on the topic. The fact to be a foreigner who comments the Russian political scene is not very comfortable but maybe it shows things under a new eyeglass.

I discussed with people on Facebook. Marina (a trilingual Franco-Russian in her thirties and an MBA student) summarized the reasons why she went down in the street to demonstrate against the regime. She wrote to me: «The political scene in Russia is blocked because Putin's party leaves no place for other parties to develop» Marina asks for the «the emergence of new, young and strong parties and (she no longer wishes) to live under a single dominant party as United Russia». She also denounces the «so-called multi-party system prevailing in Russia because according to her «the opposition parties are old parties led by Soviet minds for whom people vote without conviction, only to not vote for United Russia». This claim provoked in me a series of thoughts. I can't help as a foreigner, to make a comparison with France. What do we see in France? There has certainly been an alternation in recent decades between the two main currents represented by the two dominant parties. But do these two old parties of center-right (UMP) and center-left (PS) present real fundamental ideological differences, while facing the restrictive and binding requirements of the supranational Brussels? Is it possible to dream for the «emergence of new young and strong parties» in France, as Marina does for Russia? Is that what we can call a «unblocked political scene» What if in France we were allowed to vote not for one, but for two parties that anyway cannot handle the French economy, that

have almost the same program and whose hands are now fully bound by 30 years of mismanagement they are totally responsible for? Do those parties have any breathing space at the hands of the abyssal deficits they have created? In France, the parties that are considered more or less like the anti system parties are the National Front and the Left Party, which are always kept out of the governance because of some subtle political mechanisms. Consequently the representations at the French National Assembly meeting are neither proportional nor fair. In France people vote (for a party) in the first round and eliminate (a party) in the second round, which means that in the end one does not necessarily vote for a party but rather against a party. This is what Marina wrote about Russia: »The vote in favor of certain parties in Russia is mainly a vote against United Russia«. This dream of a worthy political opposition is interesting, its aim being to bring an alternative policy to the one in effect.

A new and credible opposition in Russia should first be identifiable, especially regarding the content of its project for the country. It should demonstrate an ability to exercise power, to impose itself at the elections and not just to oppose itself to the power via statements and street demonstrations. According to Viktor Loupan<sup>96</sup>, the difficulty is to create a constructive opposition to Vladimir Putin, the latter being «both left and right wing oriented, patriot and liberal, both nationalist and globalist. In order to oppose would it be only to a centrist position, one needs a solid political culture and an unwavering ideological platform. In order to become a real political force, it takes time and patience. (...) Look, Mitterrand began to oppose de Gaulle in 1958 and only came to power in 1981».

I am not the only one to think that male and female politicians should above all defend the national interests and the citizens of their country. I do not see any party able to fulfil those aims in my own country, France, but so far I do not know either what I would think (and what my fellow citizens would think) if palpable foreign interference were observed in the political and election process of the country as if the case in Russia. As the journalist from the «*Courrier de Russie*» Clemence Laroque recalled<sup>97</sup>, the new face of the American diplomacy in Russia is called Mike MacFaul. The new Ambassador has always displayed his positions in favor of a restoration of Russian-American relations after the Bush era, but he is also «consid-

ered a specialist of the Color revolutions»<sup>98</sup>. Should we see here a connection with the last December demonstrations and the one of next February? Or with the accusations of financing active opponents (Navalny<sup>99</sup> or Nemtsov<sup>100</sup>) by the U.S. NGOs? Or, would there rather be a link with this weird January 17 invitation of the U.S. embassy in Moscow to the Russian opposition representatives<sup>101</sup>, only three days after the appointment of this ambassador to Russia?

Can one imagine, for example, that the French National Front could be received by the Russian ambassador and complain about the fact the party has no deputies? Or, could Jean-Luc Melenchon (Left Party) be received by the Chinese ambassador after having organized demonstrations in Paris? What would the French citizens and voters think? I recently published a column about this «National Democrat» project that seeks to bring together the liberal and the moderate nationalist movements, and that could have emerged from the demonstrations of last December. According to the Russian analyst Dmitry Olchansky<sup>102</sup> the demonstrations have proved the existence in the Russian society of a minority (called «European population») opposed to a majority (called «archaic population»). From his point of view, this new opposition should result in the emergence of a dominant nationalist ideology, with all the risks that it entails. United Russia would therefore be a safety valve whose main task would be to keep power and gradually unlock certain psychological blockages of the Russian society, together with developing a subtle liberalization of the system.

Thus, Dmitry Olchansky concludes: «the longer Putin will stay in power, the more likely the Russian society will have a chance to evolve in peace and harmony. Nationalists will take power one day, this is inevitable. But the later that day will come, the more civilized they will have become».

For those who dream of seeing United Russia disappear, the only credible solution would probably be the appearance of a non destabilizing opposition for the country, an opposition that would be competent and mostly «Made in Russia», but by no mean an opposition resurging from the past and being financed from abroad. But can such an opposition emerge only a few weeks away from the presidential elections? Russian politics are decidedly more exciting than ever.

## The Russian demography from 1991 to 2012

This article was originally published in RIA-Novosti on February 2012<sup>103</sup>

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In December 2010 I published a column entitled «The Russian population, object of all fantasies<sup>104</sup>» in which I recalled how the political, economic and institutional collapse that followed the disappearance of the USSR had triggered a health and demographic disaster in Russia. From 1991 to 1999, the health of the population has significantly declined and life expectancy has collapsed. Both were the consequences of the collapse of the Russian economy. The excessive consumption of an often adulterated alcohol, the related poisonings, the increase of suicides and the development of drugs use and sexually transmitted diseases including AIDS, have led to an explosion in the mortality rate. These living conditions in the Russia of the 1990s also caused a gradual decline of the birth-rate. Abortion was often the only option for many women in the midst of the economic crisis. All this led to an unprecedented demographic crisis. Let's now have a look at the number of births, deaths, and at the natural balance (excluding immigration). Year after year, the birth rate decreases while the mortality rate increases.

| Year | Births    | Deaths    | Balance  |
|------|-----------|-----------|----------|
| 1991 | 1.794.626 | 1.690.657 | +103.969 |
| 1992 | 1.587.644 | 1.807.441 | -219.797 |
| 1993 | 1.378.983 | 2.129.339 | -750.356 |
| 1994 | 1.408.159 | 2.301.366 | -893.207 |
| 1995 | 1.363.806 | 2.203.811 | -840.005 |
| 1996 | 1.304.638 | 2.082.249 | -777.611 |
| 1997 | 1.259.943 | 2.015.779 | -755.836 |
| 1998 | 1.283.292 | 1.988.744 | -705.452 |
| 1999 | 1.214.689 | 2.144.316 | -929.627 |

Between 2000 and 2005, the birth rate is going through a significant upturn, probably due to the improved global economic conditions, but the mortality has increased again, resulting in an incredible drop of 5,363,668 inhabitants in the population over six years, that is to say 893,944 per year. In January 2006 the Russian population had dropped by 142.2 million, against 148.3 million in 1990.

| Year | Births    | Deaths    | Balance  |
|------|-----------|-----------|----------|
| 2000 | 1.266.800 | 2.225.332 | -958.532 |
| 2001 | 1.311.604 | 2.254.856 | -943.252 |
| 2002 | 1.397.000 | 2.332.300 | -935.300 |
| 2003 | 1.483.200 | 2.370.300 | -887.100 |
| 2004 | 1.502.477 | 2.295.402 | -792.925 |
| 2005 | 1.457.376 | 2.303.935 | -846.559 |

In 2005 the Russian government has launched a new demographic deal entrusted with Medvedev, who was by the time vice prime Minister in charge of national projects and priorities. This social plan was intended to boost the birth rate and to lower mortality, but its complementary effects on the living standards continually rose from 2005 to 2009. The restoration of the Russian health system and the financial aids to families has had spectacular results. In 12 years, from 1999 to 2011, the mortality has sharply dropped and the annual number of births increased by over 40%.

| Year | Births    | Deaths    | Balance                 |
|------|-----------|-----------|-------------------------|
| 2005 | 1.457.376 | 2.303.935 | -846.559                |
| 2006 | 1.479.637 | 2.166.703 | -687.066                |
| 2007 | 1.610.100 | 2.080.400 | -470.300                |
| 2008 | 1.717.500 | 2.081.000 | -363.500                |
| 2009 | 1.764.000 | 2.010.500 | -246.500                |
| 2010 | 1.789.600 | 2.031.000 | -241.400                |
| 2011 | 1.793.828 | 1.925.036 | -131.208 <sup>105</sup> |

Taking into account the slightly positive net migration in 2009 (for the first time since 1991), Russia's population has increased by almost 50,000 inhabitants. In 2010 it fell slightly (about 50,000 people) but in 2011, the population eventually increased by 160,000. The year 2011 is also the best for birth rate since 1991, with 1,793,828 births, and for the first time since 1992 there have been less than 2 million deaths in the country. 2011 has a special feature because the numbers of the second semester (births against deaths) are significantly better than the first half. Over the last 6 months of the year, the natural balance (excluding immigration) is positive: there were 951,249 births and

943,617 deaths, i.e. a positive balance of 7632. August 2011 has even seen a record of births (173,166) and the average of the 5 other months of the semester is over 150,000. If this trend continues next year, the number of births in Russia could flirt with 1.8 million, while deaths should continue to decrease, falling below 1.9 million. The natural negative balance in 2012 could well be less than 100,000. The net migration, as far as it is concerned, should be positive again, given the manpower needs of the Russian economy. Therefore, Russia's population should increase again in 2012. For readers interested in the links between economics and demographics, a more detailed study has been published in France by the IRIS (Observatory of the post-Soviet world) in their September 2011 review under the title: «The solution to the Russian demographic decline is in the growth»<sup>106</sup>.

In the end, let us note that the existing Russian population projections envisage three demographic scenarios<sup>107</sup> (low, medium and high) leading in 2030 to a population balancing between 128 and 144 millions. In its most optimistic version, the demographic scenario predicts that Russia's population would reach 143 million inhabitants only at the beginning of 2015. But this demographic threshold was already reached by January 1, 2012. The population decline that Russia should theoretically face over the next decade could therefore probably be much lower than expected. One can even imagine that the Russian population will noticeably increase by 2030.

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## Putin until 2018

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The 4<sup>th</sup> of March 2012, the Russian people voted and whether some liked it or not, they overwhelmingly voted for Vladimir Putin to lead Russia until 2018. After the counting of votes of 99.3% of the ballot papers, Vladimir Putin was ahead with 63.6% of the votes, followed by Gennady Zyuganov (17.19%) and Mikhail Prokhorov (7.98%). Vladimir Zhirinovskiy got 6.22% and Sergey Mironov 3.85%. The participation rate stood at 65%. The outcome of this election is simply the confirmation that all sincere and lucid analysts had expected, namely Vladimir Putin getting a score between 50 and 65% in the first round. Indeed, all the opinion polls expected him to be the winner of the 1st round. This vote is also a geopolitical event whose scope the vast majority of commentators are still unaware of. The election of Vladimir Putin for a third mandate is incomprehensible through the French media prism but yet is part of a perfectly coherent and historical Russian sequence.

In March 2000 when Vladimir Putin was elected with just over 50% of the votes, the country was ravaged by a post-Soviet decade of «eltsinism» and had just come out from a major economic crisis. Powered by the Yeltsin system, Vladimir Putin's election by the Russian population was mostly done by default. This unknown politician appeared very quickly however, as a strong man. His authoritarian and dry style was perceived positively by the Russian population. Vladimir Putin stood from the early 2000s as a sort of savior who restored the order. His second election in 2004 with nearly 70% of the votes in the first round is a plebiscite. The second mandate of Vladimir Putin is a period of unquestionable economic recovery for Russia. When Putin gave way to Dmitry Medvedev in 2008, the authority of the state was more or less fully restored, and a party of government was established. Right in the middle of this economic improvement, Dmitry Medvedev was elected President in March 2008 with 72% of the votes. Unfortunately, the global financial crisis hit Russia as well as a new war in the Caucasus. In 2009 the Medvedev presidency suffered from the social consequences of the crisis and of the difficulties in modernizing the

country as quickly as desired. International pressure was also higher and during the last year of his term, the Russian diplomacy was mistreated in Libya or in Europe (antimissile defense shield). In the end, Medvedev's foreign policy was criticized in Russia. Following the parliamentary elections last December, massive opposition demonstrations were held in the major cities across the country. Those demonstrations were the sign for some foreign commentators that Russia had begun its revolution against the «Putin system». On the other hand, others saw these events as being an embryo of destabilization orchestrated from outside Russia, along with the lines of Color revolutions. Many clues suggest that the latter scenario was plausible.

Paradoxically, this risk of a revolution of Colour has unified the public opinion and greatly contributed to the very high score of Vladimir Putin. The analyst Jean-Robert Raviot has clearly defined this phenomenon by defining three Russias. The first Russia is the most publicized because it is the westernized Russia, the one of the «Moscobourgeois» or metropolitan bourgeois baptized «middle class» by the commentators. The second Russia is the provincial one. It is peri-urban, patriot and represents the vast majority of Russia. Weakened by the crisis, it also represents the majority in favor of Vladimir Putin. Third, there is the Russia of the non-Russian peripheries, controlled by ethnocracies allied to the Kremlin and where the votes are fairly homogeneous and in favor of the central power. Indeed, Moscow and St. Petersburg are the only cities in which the results, taken alone, could have led to a second round between Putin and Prokhorov. But if this rich, urbanized and Europeanized Russia of the cities less voted Putin than the rest of the country, it still remains a minority. Conversely, the small and medium towns, in fact rural Russia, are much more conservative and popular. By massively voting for Vladimir Putin, they showed concerns regarding possible disruptions. Since the early 2000s, Russia is continuing its recovery, and the disorders of the first decade following the collapse of the USSR have profoundly affected people's minds. The Russian people have therefore chosen Vladimir Putin, rejecting outside interference, and wishing that the policy initiated 12 years ago now be continued.

The stable score of Gennady Zyuganov, candidate of the Communist Party, shows

that the party has reached its maximum. 4 or 5% of its last December voters fell back on Michael Prokhorov (the Communist Party had reached 19% at the general elections, benefiting from its status of major competitor to Putin and of the anti-Putin vote). Michael Prokhorov has probably channeled the majority of the votes of the opponents those past months. He in fact got 20% in Moscow and 15.5% in St. Petersburg. The low score of Vladimir Zhirinovskiy is likely to be related with the high score of Vladimir Putin: many Liberal Democratic Party of Russia voters probably voted for Putin in the first round. This low score seems to announce the decline of the party, that one cannot imagine surviving without its charismatic leader. In the end, the crushing defeat of the candidate Mironov (3.46%) while his party had got a very high score in the general elections, basically shows that Russian voters reject any social Democrat candidate too.

In order to deny this popular support to Putin they obviously can neither understand nor admit, many foreign commentators will write that the elections were rigged and that many frauds in favor of Vladimir Putin had been identified. Yet, as in the general elections, the vast majority of these fraud charges will prove to be unfounded: the number of actual cases of fraud should not exceed about 300, against 437 during the general elections last December, yet so criticized. However, the observers of the CIS, of the SCO or even independent observers, said that the voting took place normally and that the election was fair. They even suggested that the elections to the European Parliament should use the same monitoring system that Vladimir Putin put into place (96,000 polling stations were filmed by 91,000 webcams). As such, if Michael Prokhorov came first in France and in England, the Russians living in Germany and in Spain more voted for Vladimir Putin, while in Germany United Russia had obtained a poor score in the December general elections, even ending up behind the liberal party Yabloko.

What will happen now?

The opposition announced it will continue to demonstrate, as it already did last Monday, following the results. But the demonstration gathered only 10,000 people, and the climate seems to have changed already. Michael Prokhorov, just like Boris Nemtsov, was heavily booed during the demonstration. On the con-

trary, Alexey Navalny and Sergey Udaltsov (respectively a liberal nationalist and a far left wing, both allied against Putin) were given a standing ovation. As the demonstration was ending, they refused to leave the premises and called for occupying the place. They caused the arrest of 300 or 400 diehards who accompanied them, to the delight of foreign TV cameras.

Later on a group of one hundred ultranationalists tried to march on the Kremlin, before the police also arrested them. One can therefore wonder whether the legal opposition has not crystallized itself around Michael Prokhorov and if, in the end, the most radical (and non political) fringe of this disparate opposition, will not seek to create more trouble by refusing to acknowledge an election that nobody contests any longer worldwide.

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## About a disunited opposition

This article was originally published in RIA-Novosti on March 2012<sup>109</sup>

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Many French speaking readers have asked me, via Facebook, details of the relationship between the street demonstrations of the past three months, and those that followed the presidential election. Two questions often come back: «For whom did the street protesters vote» and «Who does truly represent the Russian opposition»?

These questions arise especially as these demonstrations from the opposition demonstrations were not expected and that it was very difficult to find a dominant political line within it. We saw a very large number of political leaders of various tendencies and a lot of different claims. To the question «Who does truly represent the Russian opposition». I could answer that there is in the Duma (the Russian parliament) 226 deputies of United Russia, 92 Communist deputies, 64 deputies of Fair Russia and 56 deputies of Liberal-Democratic Russia. But of course, the questions referred specifically to this opposition that demonstrated in the streets. In the end, John asked me «about the arrests that took place during the opposition meeting on Monday night, the day after the election».

Were we attending a tightening up of the Russian power, and a total rape of the freedom to manifest, that some peaceful demonstrators were asking for, just like in all democracies worthy of the name? The headlines in the French press, which denounced a muscled repression from the power in place, could indeed suggest so. Let us go back to these three months of demonstrations. Following the general elections in December, some images of fraud looped in the media. A part of the civil society but also some representatives of minority political parties decided to call for a demonstration of the elections' results. They asked the Chairman of the Electoral Commission to resign, and called for the cancellation of the elections in order for some new and honest elections to be able to take place.

A huge number of websites and Facebook pages quickly set up through the Internet social networks, calling for a demonstration. This marketing buzz works pretty well and consequently a first demonstration was held on the Marais square

on December 10, 2011, involving perhaps 35,000 to 40,000 people. The demonstration brought together side by side some of the Moscow gilded youth as well as dozens of sub-political factions that were not candidates for a national representation, i.e. radical nationalists, anti-fascists and political liberal parties but also communists. A second meeting was held on December 24, Sakharov Avenue, with 40,000 to 50,000 people gathering, and again with this new and unlikely coalition of disparate political movements and people from the civil society as well as opposition figures including some from the show-business. An interesting fact that the press has not underlined much is that these two demonstrations were held without any serious incidents, if not at the end of the second meeting, when radicals from the right-wing attempted to climb onto the platform by force. Finally, on February 4, a third unitary meeting took place, on the Marais square again, gathering between 40,000 to 50,000 people. Who were these people who defied the cold to go demonstrate with so much cheerfulness? Sociological studies and surveys have shown since then that the majority of them were upset with the election results and wanted to have their voice heard. Their background was mainly the muscovite upper-middle class. The problem with this educated and at times, westernized class that grew rich during the last 10 years, is that it has not formed a political party to make its voice heard, and it has no leader whom to trust. Those demonstrations though were attended by many political groups, as well as associations and historical leaders of the opposition like Boris Nemtsov, Gregory Iavlinskii or Garry Kasparov. For them it was the right occasion to take advantage of the events in order to boost their popularity and emerge as leaders of this unhappy crowd. None of them has really emerged, but new figures have appeared, for example Michael Prokhorov, the nationalist-liberal blogger Alexei Navalny or the extremist left-wing Sergey Udaltsov. Although they were part of opposing tendencies on the political spectrum, their «anti-Putinism» primary allowed them to a temporarily alliance.

That's probably where the rub is. The muscovite «upper-middle class» who protested for three months has generally a high level of education and usually a good standard of living. It neither wanted to deal with far right or far left incidents, nor rehabilitate losers from another political era. This is probably the reason why most of the protestors have preferred not to participate to the presidential elections but

have probably predominantly chosen to support Michael Prokhorov, whom they considered as the most modern and reliable candidate. The results of the presidential election showed that Michael Prokhorov who is defending a rather liberal and pro-European political line, has easily seduced this «Europeanized» upper middle class as well as an electorate that wanted a constructive «anti-system» vote. Undoubtedly, he is the big winner of the past three months' wave of demonstrations, this demonstration being first of all legalistic and political. It will be necessary to see what Michael Prokhorov will now do, he who in the coming weeks should create a new right wing political party on the Russian chessboard. Now what about the arrests that occurred during the recent demonstrations and why did the latter gather less protesters? As opposed to what a part of the French press's headlines read, this is not the pseudo-repression that weakened the mobilization but rather the fact that the vast majority of the protesters in December 2011 did not identify with the extremist emerging leaders. In the last but one demonstration on Pushkin Square Monday March 5, Michael Prokhorov has indeed been booed by the few thousand protesters who were present. Last Monday, he did not come to the opposition demonstration on Arbat Avenue. Therefore it is no surprise that these demonstrations have been able to gather only and respectively 10,000 and 8,000 protesters. It is no surprise either that in both cases, the demonstrations have turned to a confrontation with the police, as the organizers refused to leave the premises at the end of the demonstration and as they deliberately chose to let nationalist groups or radicals from the extreme left, walk to the Kremlin. The French analyst Xavier Moreau perfectly summarized it: at this pace, the opposition demonstrations could soon become an original tourist entertainment on Saturday afternoon in Moscow. The conclusion to all of this could be held in two words, the ones that the new President of Russia addressed to these same opposition factions on March 7: «Be serious».

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## **Mark Chapman**

Mark Chapman is a Canadian husband to a Russian wife, and is tired of the one-sided nonsense in the western press on the subject of Russia. He enjoys attacking misconceptions in the press, the blogosphere and on his blog, The Kremlin Stooge (<http://www.marknesop.wordpress.com>).

## **Welcome to Another Episode of «Who Believes That??» Starring Boris Nemtsov**

This article was originally published on the website *Kremlinstooge*<sup>110</sup> in February 2011.

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You have to wonder if there's a big, untapped pool of stupid people out there. I mean, somebody must think there is, because otherwise Boris Nemtsov's cheering section would stop featuring him in lengthy interviews stiff with beefcake photos of him, which get about 50 lies to the gallon. Bloggers of Anatoly Karlin's calibre blew his «Putin is bad for Russia» report into the weeds nearly a year ago, dissecting it mercilessly<sup>111</sup> until even people who flunked out of math in Grade 6 could grasp that his figures have no relationship to reality, and that he must have learned demographics in a far more oxygen-rich atmosphere than this one.

But I'm getting ahead of myself. First, let's look at this I've-got-such-a-crush-on-you declaration of schoolboy<sup>112</sup> love to Boris Nemtsov, from Mumin Shakirov. Just in time for Valentine's Day!! I couldn't find much about Shakirov, except that he works for RFE/RL as well as Open Democracy, does a lot of interviews with people willing to bad-mouth Russia with surprisingly little prodding, and is supposedly a producer. Of romantic comedies, is my guess; you'll see why. Anyway, he sounds like one of those bitter émigrés who is eager to show his new country what a good citizen he is by selling out his former country, and interviewing the like-minded to make it look like the base of support against their former country is huge. RFE/RL swept up a bunch of those dissidents, back when it was a startup – except what they say is the truth, and not propaganda. It's only propaganda when the enemy uses it.

I know I promised to stay away from Open Democracy, and I tried; I really did. I was just kind of poking around, looking for something for my next post, and that story just sort of bubbled to the surface. What was I gonna do – ignore it? You know if you don't object, it implies agreement. So, come on: let's play, «Who believes that?»

The article is entitled, «Who was Mister Putin? An Interview with Boris Nemtsov». Catchy title, right? Obviously framed to imply how forgettable Putin is, that kids in maybe the generation being born right now will ask one day who he was, be-

cause he'll just be a name in a few books. Except that his approval rating is around 72% right now, and that's after it slipped a bit. Boris Nemtsov, by way of contrast, does not have to worry about being forgotten by the Russian people, because you have to be noticed before you can be forgotten. And I might have missed a rating for Boris Nemtsov that broke into double digits, but I don't think so. Unless we're talking Washington, of course – Nemtsov is quite a bit more popular in Washington than Putin is. Just not with, you know, the people he'd like to lead.

In the very first words out of his mouth, responding to a softball setup from his interviewer, we see how Nemtsov fancies the «Prisoner of Conscience» label. «I never thought that at the age of 52 I would end up spending the New Year in a cold, solitary confinement cell as a prisoner of conscience», he confides. Who believes Boris Nemtsov is a Prisoner of Conscience? Who believes that?

I hope you were skeptical. According to the first definition of Prisoner of Conscience, such an individual is «Any person who is physically restrained (by imprisonment or otherwise) from expressing (in any form of words or symbols) any opinion which he honestly holds and which does not advocate or condone personal violence.» Wow; sounds like Nemtsov so far, right? Oh, wait, wait. I forgot to mention the codicil, «We also exclude those people who have conspired with a foreign government to overthrow their own.»

Has Boris Nemtsov ever advocated the overthrow of the Russian government while speaking to a foreign audience? Well, see what you think<sup>113</sup>. «If you break corruption, you will break Putin», he says in a speech at Columbia University. Coverage by another source of the same speech reports<sup>114</sup> Mr. Nemtsov's «visit to the United States included a meeting with Michael McFaul, President Obama's top Russia advisor, U.S. Senator Benjamin Cardin and David Kramer, Executive Director of Freedom House, on Capitol Hill.» Sound like conspiring with a foreign government to overthrow your own, to you? Still not convinced? Scroll down to the last paragraph of the latter reference. The part where Mr. Nemtsov asserts «there might not be a peaceful ending to the Putin/Medvedev «tandem». He even asserts in closing that unless Mr. Putin makes the «brave gesture» of – God save us – «releasing Mikhail Khodorkovsky», he can't expect to get more than a 10% chance of remaining in office. I guess he doesn't read polls<sup>115</sup>.

Imagine for a second that's Barack Obama, in 2008. He's delivering a speech at Far Eastern State, in Vladivostok. He says, «Break the military-industrial complex, and you break Bush». He allows there might not be a peaceful ending to the Bush/Cheney hold on power. Then he heads off to snuggle with Medvedev's point man on the USA and a couple of Duma members. How long do you think his political career would last? Nemtsov ought to thank his lucky stars guys like Putin and Medvedev are in charge, instead of somebody like Ivan the Terrible. He'd be so deep in the black right now they'd have to bring in his sunlight in little bottles.

Speaking of being locked up in the dark, I couldn't help but notice Mr. Nemtsov says he was confined in a «stone dungeon», that he hadn't any water or cigarettes with him because the police gave some to him, that his glasses were taken from him along with the usual belt and shoelaces so you can't hang yourself, and that it was too dark in his cell even to read. Yet he somehow had a pen and paper with him that were overlooked in the police search, and there was just enough light to write a detailed note<sup>116</sup> describing the dimensions of his cell and the absurdity of the charges against him. Although he was in solitary confinement, by some magic his note was smuggled out – perhaps by a Leprechaun! – so that the world could be made aware of this latest example of Stalinist sang-froid, courtesy of the western press.

Who believes that? That's what I thought.

Next up in the parallel universe category is Nemtsov's suggestion – again prepped by professional accomplice and facilitator Shakirov, that «everyone is unhappy with Putin, except his closest friends». If that's true, he has a hell of a lot more close friends than Nemtsov does. How does this supposed unhappiness with Putin square with a 72% approval rating in the polls, and the grudging acknowledgement of Reuters that if the election were held today, United Russia would win a «solid victory» that would see their next closest competitor – the Communist Party – poll less than half of their total? Only Putin's closest friends are not unhappy with him? Who believes that? That's what I thought.

I loved the excerpted line, too, where he said, «I had a dream in which Yeltsin was trying to persuade me to join Putin. But I couldn't do that. That's not how my mother raised me». With the greatest respect to dear old Mom, she must have limited her counsel to political loyalty- Boris Nemtsov has been married three times<sup>117</sup> (or,

at least, had 4 children by 3 different women). I'm sure that's not how his mother raised him, either. I'm not dumping on him for that; I've been married 3 times myself. But I don't give interviews in which I pretend to be some kind of incorruptible saint. I also wouldn't attribute any of it to the way my Mom raised me, because she tried to talk me out of the first two. I didn't listen. I'd be careful of attributing my character to my upbringing if I wasn't the Pope. Sometimes not even then.

Moving along, we see that – according to Mr. Nemtsov – Putin's base of support consists of «the older generation, including quite a few state officials, people who depend on state sinecures. It's those who hardly ever use the Internet and who watch pro-Kremlin TV. Unfortunately, they are still in the majority.»

Seriously, does he even know what country he's talking about? I'm not kidding, here; somebody this out of touch with the country has no business agitating to run it – I'd be as likely to turn my car over for maintenance to a mechanic who couldn't tell me how many wheels were on it.

The population of Russia in 2010 was comprised<sup>118</sup> 14.8% of those aged 0-14 years, 71.5% of those aged 15-64, and 13.8% of those aged 65 and over. The median age for males is 35; for females, 41. Once again, Mr. Putin's approval stands at over 70%. But somehow, they are all «the older generation...who hardly ever use the Internet and watch pro-Kremlin TV.»

But people are starting to wise up, Nemtsov tells us, so that spells curtains for Putin. «...some 40 million people use the Internet, this figure is growing, and the lion's share, the young people, are better informed» he assures his listeners. I'll say it's growing – it jumped by 20 million while he was talking about it. In fact, Russia has just under 60 million users. Russia's Internet penetration<sup>119</sup> is at 42.8%, exploding from only 2.1% in 2000. It's the biggest telecommunications and mobile market in Europe. But somehow (I'm starting to get a much better feel for why his report on Putin's performance, complete with graphs and statistics, was received with such guffaws and ridicule) only the 70+% that support Putin and don't use the Internet are the ones who don't really know what's going on in the world, except for what's on pro-Kremlin TV. Sure you wouldn't like to take a mulligan, Mr. Nemtsov?

Who believes that? That's right, nobody.

A good deal of boilerplate blather about Nemtsov's ideas on counterterrorism follows, allowing him – through Shakirov – to introduce the notion that Putin's government conducted a «false-flag» attack at Domodedovo to boost its own popularity and distract people from what a shitty job he's doing, all the while denying that he thinks this is what happened. I won't bore you with it, or the back-patting around his accomplishments as governor of Nizhny Novgorod, at which he was actually quite a success.

The next whopper comes when Mr. Nemtsov disavows having anything to do with the country's finances at the time the ruble collapsed, and the country defaulted on its debt. «In my capacity as deputy prime minister, I was not responsible for finance. I actually learned about the default from Interfax news». Do tell. You see, I find that odd, because the New York Times described Mr. Nemtsov as «an architect of Russia's fiscal strategy<sup>120</sup>» in July 1998; that seems a curious description of somebody who had no responsibility for finance. Mr. Nemtsov further said «some important indicators were beginning to move up. He added that the Government would soon begin to issue regular and detailed economic reports to investors that would prove his point.» Don't you think that was just a little irresponsible, considering he had nothing to do with finance? Good thing the reporter didn't ask him if he should get a divorce, or have his gall-bladder removed.

Mr. Nemtsov also assured whatever portion of the global population that reads the New York Times the ruble would not be devalued. That was on July 28th, 1998. On August 17th, three weeks later....well, you know what happened. The Russian economy thundered into the ground on afterburner, the ruble spun in behind it, and Russia was forced to default on its internal debt. But the Deputy Prime Minister knew nothing of what was coming. Of course, why would he? He had nothing to do with finance.

But wait – there's more. In this memo<sup>121</sup> to Sherry Jones, producer of the Front-line documentary, «The Crash», Time Magazine's Moscow bureau correspondent (and author of «Russia in the Red») Andrew Meier provides her priceless background information – from his personal knowledge – to be used in her program. The whole thing provides a breathtaking view, albeit from a western per-

spective, of the events leading up to a fiscal catastrophe of global proportions, and is fascinating reading. However, for now, let's just skip to 1998.

One thing you'll probably notice right away is that Anatoly Chubais was in it up to his neck, from where things started to go a little shaky right through the situation spinning terrifyingly out of control. Chubais was the first to say the word «devaluation» with a view to doing it, rather than misleading people that Russia had no such intention. This would be the same Nemtsov-confidante and longstanding pal who spoke up for Nemtsov in court on the occasion of his recent detention. But Deputy Prime Minister Nemtsov, who had nothing to do with finance, knew nothing of what was to come.

Now, skip to the countdown, starting August 13th, 1998. Blue chips dropped more than 20%, the RTS fell 6.5% overall, and the Moscow stock exchange shut down. The scent of terror was in the air. August 14th. Kiriyenko, Dubinin and Zadornov got together, late at night, to discuss what could be done. August 15th. Kiriyenko called a meeting at his dacha, which included Chubais, Dubinin and Gaidar. That same day – contrary to Nemtsov's version in which he and Fyodorov both learned the terrible news via Interfax, and were «shocked» – Fyodorov «rushed to the Metropol Hotel near the Kremlin to tell the IMF delegation. «I warned them of the coming suicide,» Fyodorov would later say. «I tried to get them to stop Kiriyenko. But I realized right away—they knew, they were in on it and they decided to keep quiet about it.» Wikipedia lists Nemtsov and Kiriyenko, as well as Chubais, as the «young reformists» who tried to improve Russia's economy using IMF credits, and elevated the national debt to \$22.6 Billion. Somehow, they didn't get the memo that Nemtsov had no financial responsibility.

Sunday, August 16th. The cabinet (which I presume included Nemtsov, unless he was off windsurfing or something) took a straw vote, and ruled unanimously in favour of devaluation. That evening, Kiriyenko, Chubais and Yumashev went by helicopter to tell Yeltsin (many of whose stories suggest he was also totally ignorant of what was coming).

Monday, August 17th. Russia defaulted on \$40 Billion in GKO's. Banks collapsed. The stock market tanked. Hardest hit was the emerging middle class.

Completely surprised? Boris Nemtsov. Uh huh. Who believes that? Not at all like the Boris Nemtsov of 2002 and 2003; then, even though he was only a Duma deputy in 2002 and in 2003 the Union of Right Forces lost all their seats, Mr. Nemtsov was «in all those meetings with businessmen and saw everything» to do with Khororkovsky's persecution by Putin, just because he was intelligent, strong and rich. Again, uh huh.

This is followed by a sidesplitting account of how Medvedev would fire Putin, if he were only as tough as Nemtsov is. Don't laugh, because Mr. Nemtsov believes this. Yes, the same guy who blubbered about how he had to sleep on the floor in a cold cell, and had his followers try to bring in plastic chairs to court to protest that he had to stand for 4 hours, says Putin is really a pussycat because «you need balls to be a tough guy». How about that? The real tough guy is Boris Nemtsov.

Who believes that?

## **Yawn. Duma Elections and the Predictability of Western Outrage**

This article was originally published on the website *Kremlinstooge*<sup>122</sup> in December 2011.

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The recently-concluded Duma elections in Russia have western media outlets in such a tizzy of self-fulfilling prophecy that you would think the opposition had actually won. In fact, although United Russia's share of the vote slipped a little, it still (as usual) polled more than double the result of its next closest competitor, the Communists. It's also worth remembering that United Russia still garnered better than 10% higher support than the 37.6% it gained in its first appearance<sup>123</sup>, in 2003. Still, as I mentioned, western sources – almost dribbling in their excitement – now see fit to differentiate between the «Soviet Communist Party» and the New Communists, signalling their willingness to see Genady Zyuganov and the KPRF running the country if only he will defeat Putin. How very far, and by what strange pathways has America come since the xenophobic Joe McCarthy thundered<sup>124</sup>, «Any man who has been given the honor of being promoted to General, and who says, 'I will protect another general who protects Communists,' is not fit to wear that uniform, General.» Back then, Communists were unambiguously the enemy; now, they're the Russophobe's best hope. Indeed, politics makes strange bedfellows.

Exemplary of what has become her signature spit-in-Russia's-face style, Julia Ioffe spoke disparagingly<sup>125</sup> – before the vote – about «a lot of people talking about going out to vote just to vote for somebody, even if the vote is falsified in the end just as a way to exercise their right and to at least participate», as if it were a sad and wasted effort by a few despondent people who went out to just blindly push a ballot in a box so they could pretend they were voting in a real democracy. In reality, the Duma election voter turnout was better than 60%. To put that in perspective, in the last 3 U.S. midterm elections only two states (Minnesota and South Dakota) have ever broken 60% turnout<sup>126</sup>, and the national average has not broken 40% since 1970<sup>127</sup>. Voter turnout in Russia blows the doors off that in the USA and the United Kingdom, where it is sometimes embarrassingly in the 20's.

The spicy vignette Ms. Ioffe offers about some previous unspecified St Petersburg municipal election, in which the first voter allegedly put his ballot in the wrong box and the box had to be unsealed and...surprise!! there were already 3 ballots in it, is just foolish. Is that how ballot-box stuffing works? Shady types just pop by throughout election day, sneaking extra ballots by threes and fives into the box? Come on.

Has Ms. Ioffe ever voted? That's not how it works, anywhere – does she imagine there's a different ballot box for each candidate, and you just put your ballot in the box marked «Kasyanov», or whatever? What the fuck is «secret ballot» about that? Sure make them easy to count, though, wouldn't it? In fact, procedures are set up so the voter can't do something stupid like that, and there's only one ballot box at each voting station. Russian election law specifically describes<sup>128</sup> the procedure (I realize this is presidential electoral rather than municipal law, but the process does not significantly differ) in the event a voter believes he or she has made a mistake, and cutting open a sealed ballot box to give the voter back their ballot is, ha, ha... sorry – decidedly not one of them. Besides, what kind of fool would go to all the trouble of circumventing election monitors and potential international observers, to boost the vote for his favourite party by 3? How stupid does she think Russians are? I'm surprised someone supposedly as worldly as Ioffe would believe such horseshit. Perhaps it's because she wants to believe it. But since her entire premise for suggesting the vote this time will be falsified is based on this nonsensical knee-slapper, then she is demonstrably wrong. Still, for such a short article, she managed to pack a lot into it; the suggestion that voting is a waste of time since it is meaningless serves to suppress the vote and discourage voters from turning out, while including the mandatory «party of crooks and thieves» tag reflects western efforts to help it catch on, although it is nowhere near as popular in Russia as such sources pretend. It need hardly be said that any Russian journalist who pulled a stunt like that in the United States during the midterms would be on a plane back to Moscow faster than she could say «Borscht», freedom of the press be damned.

Well, let's take a look at some other reactions. This «may mark the beginning of the end for Putin», crowns CNN<sup>129</sup>. That's despite noting that Russians' disposable income

rose by 10% a year between 2000 and 2008, and that it was the global financial crisis and not Putin that put an end to that. My, yes, I'd certainly be eager to put the boots to any leader who raised my disposable income by an average 10% a year. However, the author is at pains to point out that Putin still enjoys the approval of 67% of Russians and that his «regime is unlikely to collapse anytime soon». Yes, about 2024, I'd imagine. See you, Putin, you bastard. Meanwhile, our paint-chip-eating friends over at the Caucasian Emirate<sup>130</sup> are delirious with joy, quoting The Nobody Formerly Known As Garry Kasparov, who spoke from the relative safety of The Telegraph. Putin is just like Al Capone, we learn. Also that Russia has 100 Billionaires but no roads, which begs the question how Garry Kasparov got out of Russia. He must be quite a hiker, or else he has his own helicopter. Seems kind of silly to have airports in a country with no roads, comes to that. If you look here<sup>131</sup>, Garry, at the fourth photo down, you'll see a Russian road. Well, more of a highway, really – six lanes of it.

Oh, and for anyone who was still a bit on the fence regarding Litvinenko's cause of death, you heard it here: Putin killed him during Russia's nuclear terrorist attack on Britain in 2006. No, I didn't make that up. You can't make this stuff up.

Going back to the «beginning of the end for Putin» theme, Open Democracy takes a crack at explaining<sup>132</sup> how an electoral result that sees the victorious party get more than double the votes of its closest competitor is actually its death knell. «By the standards of Western democracies», Nicu Popescu wants us to understand, «falling just short of the 50% mark after three years of global economic crisis and 12 years in power would be a stellar victory. But in Putin's Russia this is a serious setback for two main reasons. First of all, the elections were neither free, nor fair. Evidence of ballot stuffing is already swirling around the internet, and the election campaign was heavily biased in favour of United Russia.»

First of all, Nicu; evidence of ballot stuffing is not swirling around the internet – allegations of ballot stuffing are swirling around the internet. Evidence is what you have when you can prove it. Although the OSCE Preliminary Report<sup>133</sup> made passing mention of «indications of ballot box stuffing», that's the kind of thing you say when somebody has reported ballot box stuffing, but has not provided any concrete proof at all. And many such reports to the OSCE monitors were from activists. If Egypt, Libya and now Syria taught us nothing else, they

should have taught us (a) activists will tell any story they think they need to in order to get NATO involved in a rebel putsch, and (b) NATO is eager to believe activists, and isn't really too sticky about substantiation.

Indeed, there were reports of provable instances in which employers or other authority figures appeared to pressure subordinates to vote a certain way. Those individuals should be punished appropriately – the higher the status, the sterner the sentence. However, that philosophy should hold wherever such attempts to tilt the playing field occur. The USA even has a specific law which forbids it, called the Hatch Act. Bush administration officials threw the Hatch Act on the floor<sup>134</sup> and pissed on it – figuratively speaking – more than 100 times. Please note this finding is based on more than 100,000 pages of evidence. Was anyone punished? Now that I mention it, no. The New York Times agrees<sup>135</sup> the Bush White House «routinely» violated election law. More recently, the strange scenario of Alvin Greene surfaced in South Carolina<sup>136</sup>, in which it looks strongly as though Greene was recruited by the Republicans to run as a Democrat against nutty-as-a-fruitcake Republican Senator Jim DeMint. The obvious winner there would be DeMint and the Republicans, as Greene – an unemployed African-American with a pornography charge pending -would theoretically drive votes to DeMint. Unethical? You tell me. Let's not pretend Russia is the only place where party figures make an effort to skew the vote. The big difference is, Russian attempts to interfere in or comment upon American election practices are pretty close to non-existent.

Everyone's favourite Russian grandpa, Mikhail Gorbachev, says violations were so widespread that the vote should be annulled<sup>137</sup> and an election do-over held (Oh, me!!! Pick me!!! The Orange Revolution, Ukraine, December 2004). Until somebody else wins, of course, at which point it would be proclaimed free and fair to a fault, the cleanest election ever. I have to confess I love Gorbachev, although nobody in Russia really pays much attention to him any more – he's just so dotty and bipolar. Here<sup>138</sup>, for instance, is Mr. Gorbachev back in 2009: *«In the West, the breakup of the Soviet Union was viewed as a total victory that proved that the West did not need to change. Western leaders were convinced that they were at the helm of the right system and of a well-functioning, almost*

*perfect economic model...the dogma of free markets, deregulation and balanced budgets at any cost, was force-fed to the rest of the world...But then came the economic crisis of 2008 and 2009, and it became clear that the new Western model was an illusion that benefited chiefly the very rich. Statistics show that the poor and the middle class saw little or no benefit from the economic growth of the past decades.*

That'd be the system he's now advocating be force-fed to Russia. And while he's all about the protests and reform now-now-now, he told *The Independent*<sup>139</sup> in June only last year that «...in general, I think we went too fast. A country with our history should have taken an evolutionary course. I said reforms would need 20 or 30 years...Of Yeltsin's chaotic final months, when state industries crumbled and the quick and well-connected got staggeringly rich, he mourns, «Destabilisation became the number one problem.» Tell the one about the day the first television set came to the Soviet Union, Grampy; I love that story.

Which brings me to Golos. A few days ago, nobody had heard of this organization – now, they're the big story of the Russian elections; puny, defiant Golos, who stood up to the Russian bear in defense of electoral freedom, and was of course unjustly punished for its courage. However, Golos was reined in not only at the request of the ruling party, but also following «pressure from the ultra-nationalist Liberal Democratic Party (LDPR) and the A Just Russia party». Both supported UR in a lawsuit<sup>140</sup> that charged Golos violated Russian election law. Director Lilia Shebanova's laptop computer was seized because she refused to allow Customs personnel to check it at the airport as requested, and it probably has nothing to do with the legal action that found Golos guilty and fined the organization; those charges revolved around its website.

By now, most everyone is aware Golos is a wholly western-funded NGO, receiving support grants from USAID and European democracy-promotion agencies. What you may not know is that Golos lists among its partners, on its website<sup>141</sup>, the National Democratic Institute and the National Endowment for Democracy. These battle-hardened engineers of regime change in the Orange Revolution in Ukraine<sup>142</sup> and the Rose Revolution in Georgia<sup>143</sup> are not candypants hand-holders; no, Sir – when they want regime change, they don't wait around for the

government to step down: they make it happen. Any doubt that the west's intent in this and the upcoming presidential election is nothing less than the toppling of the Russian government should be dispelled by the «tweet<sup>144</sup>» sent by former failed presidential candidate, darling of the Sunday talk-show circuit and general busybody who never knows when keeping his piehole shut would be the wisest course, John McCain; «*Dear Vlad* (McCain's ignorant assumption of the diminutive for «Vladimir»), *The Arab Spring is coming to a neighborhood near you.*»

The protests, which are being fueled by social networking sites Twitter and Facebook in what has become a blueprint for western NGO's and «regime change consultants», are unlikely to go anywhere this time. It's too cold right now, and the strength of the «movement» is greatly exaggerated in the western press, as has also become a hallmark of regime change. But the west is obviously serious about it, and it is likely to reach a crescendo in March for the presidential elections. Really it's a no-win for the targeted government, because as soon as they take steps to protect the country, the western papers scream about «loyalist» military thugs emptying heavy machine guns into crowds of women and children while the majority of the military – repulsed by the regime's heartless tactics – deserts to the rebels. Doesn't matter if it's true, as long as it mobilizes opposition. The end justifies the means, as they say in the regime-change business.

I'm moved to recall the sentiments expressed by Kirill in comments to Anatoly's post, «A Quick Note on Russia's Duma Elections 2011<sup>145</sup>» at Sublime Oblivion; «They are going to have to change Russians, not just the regime if they want a poodle... Also, browbeating Russians about how un-west they are is the ticket to success in electoral politics.»

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## Waking Up on the Wrong Side of the Corruption Index

This article was originally published on the website Kremlinstooge<sup>146</sup> in February 2012.

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Russia has an acknowledged problem with corruption. The dispute goes back and forth on whether the government is doing anything serious to combat the problem, or simply paying it lip service while remaining relatively unconcerned. But statistics released in June 2011 by Transparency International, and based on its research, are discouraging.

I mean, the conclusion is inescapable – from surveys which examined 23 sectors and institutions, researchers learned:

- Some 53.4% of respondents to a national survey believed corruption had increased «a little» or «a lot» in the past 3 years. Only 2.5% of respondents believed corruption had decreased a little or a lot. A whopping 48.1% did not think the government was effective in tackling the corruption problem. Damn-ingly, 92.7% of respondents would like to report corruption, but only 30.1% would know where to report it.
- A leaked police investigation report from 2006 suggested there were approximately 1000 corrupt prison officials currently working, while a further 600 were having an «inappropriate relationship» with a prisoner.
- An estimated 38, 000 people are involved in organized crime, and a 2006 survey of the construction sector reported that 41% of respondents had been offered a bribe at least once in their career.

Who is *running* this benighted country? Let its Prime Minister step forward, and bow his head in shame. Step forward, Vladimir Put....no, wait, wait, my mistake. I got my pages mixed up, sorry for any unintended attribution of blame. Just a minute, let me get my notes together....

There, sorry once again for being so disorganized; I can't think what came over me. Step forward, David Cameron, because those statistics reflect the state of corruption in the United Kingdom<sup>147</sup>. Shame you have to take the rap for it, con-

sidering some of those values were realized before you took office – but that’s why you get the big bucks.

Today’s discussion of bribery and corruption was inspired by the smug pontifications<sup>148</sup> of EU-Russia Centre Director Fraser Cameron. It appeared not to be Mr. Cameron’s intention to rip on Russia for corruption – no, he wanted to talk about the recent Duma elections, and had no problem passing on the estimate of «some observers» who believed United Russia actually received less than 30% of the vote, although that would imply 20% fraud and international observers suggested nothing like that. He likewise is comfortable quoting GOLOS and Mikhail Gorbachev, which begs the question why the appointee to the Directorship of the EU-Russia Centre seems not the slightest interested in obtaining any official statements on such an important event from the current Russian government. But he could not resist dragging the old «party of crooks and thieves» chestnut out for a quick airing, which was one time too often for me. So instead of just assuming the western reports of corruption in Russia – portraying a country on the verge of collapse due to its own internal rot – reflect the true state of affairs, let’s take a closer look at the other half of the EU-Russia Centre: the European Union.

So; going back to the United Kingdom for a moment. Although more than half the country surveyed believed corruption had increased in the past 3 years and nearly the same number believed the government was ineffective in its anti-corruption efforts, and although the UK did fall from 17 to 20 in the CPI between 2009 and 2010, this reflects the fact that the 2009 survey<sup>149</sup> measured 180 countries while the 2010 survey<sup>150</sup> measured only 178, and the UK’s actual score only faded slightly from 7.7 to 7.6.

Well, let’s move on. The country is reluctant to ratify the United Nations Convention Against Corruption. For those who don’t realize the difference between signing a convention and ratifying it, until you do the latter, you as a nation are not legally bound by it; the country justifies its reluctance with worries that ratification might mean more bribery investigations. Refusal to ratify the convention ranks the country with peers like Saudi Arabia, Syria and North Korea. Is it Russia? Nope – it’s Germany<sup>151</sup>, one of only two countries in the EU that have yet to ratify the anti-corruption convention. It’s not hard to see why, if you look:

Siemens, Volkswagen, Daimler/Chrysler. Deutsche Bank. GM/Opel, Linde, Infineon. Scandal, scandal, scandal<sup>152</sup>. Siemens was just the biggest in the country's history – \$2.5 Billion in fines<sup>153</sup> for bribery and falsification of corporate records. Deutsche Bank was fined \$1.32 million<sup>154</sup> by the Financial Services Authority in the UK for «irresponsible lending practices»: issuing home loans exclusively through mortgage brokers to customers with poor credit histories, then soaking them with made-up fees when they fell into arrears. The FSA reported that this was the first time they'd ever had to fine a company for irresponsible mortgage lending, and that the fine would have been \$1.8 million if Deutsche Bank had not cooperated with the FSA.

Gosh; Germany must have gotten hammered on the Corruption Perceptions Index, what? Ummm...not so you'd notice – number 14 in 2009, falling a single place to 15 in 2010 when two less countries were rated, and losing a tenth of a point to fade from 8.0 to 7.9.

Transparency International produces its index «based on business people's perceptions of the problem in different countries», we are told. Really? Business people like Bernd Hafenberg, German economist? I guess not – because he commented on the online *Frankfurter Allgemeine*, «*I consider this to be merely the tip of the iceberg. Based on 45 years' work experience, Germany is thoroughly corrupt and whoever talks about this is considered a Judas.*» Between 1000 and 2000 corruption cases come before the courts annually, and some experts suggest these might represent a tenth of the actual instances.

All right; one more. Who does this make you think of: «*The impression is of a clique of powerful men up to no good, linked by a potent mix of money, politics and business, and of an executive branch too close to the justice system*»? How about, «*...her husband went often to Switzerland and returned with suitcases of cash. He travelled there, she said, with Ziad Takieddine, a Franco-Lebanese arms broker, who has also been charged in the Karachi affair*»? The Karachi Affair referred to kickbacks on the sale of submarines to a foreign country, and to a bombing which killed 11 French engineers, said to be in retaliation for unpaid bribes. How about when the Best Man at your wedding is charged with «complicity in the misuse of public money»? Did you think of Russia? Sorry – just

another day in the rough-and-tumble scrimmage of those close to the French president<sup>155</sup>, Nicolas Sarkozy. Similarly tawdry allegations – by a judge, no less – suggest Sarkozy received funds directly<sup>156</sup> from France’s richest woman (L’Oreal heiress Liliane Bettencourt) to be used in his presidential campaign. Judge Prévost-Desprez further alluded to witness intimidation, and claimed she was removed from the case so as not to damage Sarkozy’s reelection prospects (which I personally – without knowing anything about his opposition – would rate as between «not a chance» and «never happen»). Although France is a ratified signatory to the U.N. Convention Against Corruption and the French government claims to be in the forefront of the anti-corruption ambush, a Sofres poll in October 2011 found a full 72% of French citizens believes its politicians are corrupt – the highest percentage ever.

What’d that do to France’s position on the CPI? That’s right; nothing. France moved down one position, and its score slipped from 6.9 to 6.8; the *de rigueur* tenth of a point. Starting to see a pattern?

So, we’ve looked at three prominent EU economies. Of those – the UK, Germany and France, 48.1% (UK) and 72% (France) believe their leaders are corrupt, while the other (Germany) has been rocked with corruption scandals that resulted in over \$1 Billion in fines. A recent survey of European companies<sup>157</sup> by London’s Ernst & Young revealed that two-thirds acknowledge bribery and corruption are widespread in their country, nearly 80% have received no training in anti-corruption practices and 77% want regulators to do more to reduce the risk of company fraud, bribery and corruption. Yet each of the three countries profiled here slipped only a tenth of a point on the CPI, which was more than accounted for by the decrease in countries surveyed.

How did Russia do, since I’ve mentioned it so often? The country that rebounded quicker than most from the global financial crisis, whose currency rose faster in value than any other during the recovery, which paid every penny it owed in loans and built up the third-largest cash reserves on the planet while cutting national poverty in half and steadily increasing the living standard of its citizens....plummeted from 146 to 154 on the CPI. This, too, apparently represents a difference of only a tenth of a point, from 2.2 to 2.1. In another ironic twist, if

you are fond of irony – Greece admitted to a substantially higher level of cash bribery than Russia. What has been the western response to Greece’s out-of-control corruption? They gave Greece a multi-billion dollar bailout. When the chronically-irresponsible country missed its \$52 Billion target for funds realized from privatization and reforms by around \$48 Billion, and the Swedish finance minister announced the original bailout funds had been «wasted<sup>158</sup>», the exasperated EU punished the Greeks by....agreeing to take a 60% – 70% «haircut» on owed value on Greek bonds and preparing for another bailout.

If this has made you as curious as it has me, you must be wondering now – if Transparency International («fighting corruption worldwide», ha, ha) formulates its standings based on «business people’s perceptions of the problem in other countries».... who are the business people they poll in Russia to formulate that nation’s standings? If Russia is supposedly «as corrupt as the Congo» – which it is according to Fraser Cameron – who is left in Russia who is trustworthy to report the state of corruption?

I couldn’t say, because I don’t know, but I would guess foreign businessmen. Foreign businessmen whose yardstick of corruption draws heavily on how *they* are doing, profit-wise. Business and political reporting by western-owned or western-leaning newspapers such as *The Moscow Times* and *Novaya Gazeta*. Business reporting in the western press, which is often agenda-driven and tailored to achieve a goal, such as «The Hermitage Effect» as practiced by William Browder. The alternative is that Transparency International does not actually poll any Russian businesses at all that are Russian-owned.

This should not suggest the corruption problem in Russia is imaginary. Of course it exists – it stands to reason it would if corruption is so widespread in Europe as a whole. The real difference is that reporting on corruption in Russia receives a fierce spotlight that similar or worse problems in other countries do not, and that this distorted perception of corruption in Russia is rigorously applied to its international standings, while corruption levels as established by their own citizens have little part in the standings of other European countries. Transparency International is a fierce partisan zealot in its reporting of corruption in Russia, and a sleepy blind man in the countries that provide its funding.

## **Après moi, la Désintégration: Alexander Motyl Does Putin's New Russia**

This article was originally published on the website *Kremlinstooge*<sup>159</sup> in March 2012.

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Once upon a time – say, back in 1993, when his *Dilemmas of Independence; Ukraine After Totalitarianism* was published – you might have been able to reason with Alexander Motyl. I mean, he's obviously not a stupid guy: he's published a ton of books, both fiction and non-fiction, he writes poetry, he paints – from what I've seen, quite emotionally – and hints of his life suggest he's a sensitive man who feels things deeply. He speaks several languages fluently and can get around in a couple more, one of which is Russian. He was – and is, so far as I know – a professor of Political Science and Director of the Division of Global Affairs at Rutgers. But back then, a review of *Dilemmas* suggested it advocated «gradual reforms for post-Soviet states». Good enough; We're there, right? Who thinks those regions would not benefit from gradual reform? That's what I thought.

Any such illusions of inclusiveness are dampened with the first sentence of the introduction – «Unlike most of the other Soviet successor states, Ukraine matters.» Well: not a lot of grey area there, is there? A possible agenda for Ukrainian greatness is furnished in the second – «It is important for a variety of reasons that ensure it a central role in the future of Europe and thus in the foreign policy of the United States.» While some of his material might lead you to believe he is Ukrainian, in fact Alexander Motyl is American; born in New York, although he is of Ukrainian descent.

And while we're forming a 5-minute picture of Motyl that doubtless does not do justice to his complexity, this might be a good time to bring up what it is that he loathes<sup>160</sup> about Russia: the secret police. «I went into Soviet studies with a mission: I wanted to understand this criminal state and to be able to write about it in ways that would weaken it and advance human, national, and civil rights. This is very clearly related to my background – my family is Ukrainian, and several relatives had been murdered by the Soviet secret police – and so it has a personal

and a political component.» Got that? Motyl sees his education as an obligation to avenge his dead relatives by doing what he can to weaken the present Russian Federation, thereby punishing its «secret police», of which the Russian Federation's new leader happened once to have been a member. Once again, I'm sure that doesn't encompass the entire complex human that is Motyl, but there's only so much we can do in less than 3000 words, and we don't want to spend all that talking about what a complicated guy he is.

Instead, I'd like to focus some of it on the stuff he writes<sup>161</sup> (thanks to Leos Tomicek of Austere Insomniac<sup>162</sup>). Because while the Alexander Motyl of 1993 might have been open to reason, maybe just kind of hopeful that Ukraine was going to become one of the dominant powers of an expanded Greater Europe and a solid American partner in the region, the Alexander Motyl of today seems to have grown so bitter and mean that he's becoming delusional. You'll see what I mean, I'm sure.

And right away, too: no waiting. He gets right into the hyperbole from the starting gun. «The massive demonstrations that rocked Russia in the aftermath of the Duma elections of December 4, 2011, surprised everyone, including most Russians.» Where did you see massive demonstrations rocking Russia, Professor Motyl? In a John McCain tweet? The very biggest one was no more than 150,000 people in a city of around 14 Million. The Orange Revolution protests, financed and supported by western interests, were better than 500,000 in a city with a population only about a third of Moscow's. The Russian protesters were a diverse lot with no common goal except opposition – no use to look for coalition-building there.

Perhaps this would be a good time to point out that when authors who support a western-dominance agenda say «observers agree», they almost invariably mean western observers and western Non-Governmental Organizations (NGO's) such as GOLOS. That's why such authors don't bother to cite any sources for their contention that there was broad agreement. I think we're all on the same page that it is a mistake to allow your exit polling to be done by a western consortium unless you are extremely confident that you are a solid ally and they mean you no harm. Otherwise, all they need do to cast doubt on the legitimacy of your elec-

tions – and perhaps start a riot that will lead to the regime change so beloved of the west – is to introduce a discrepancy<sup>163</sup> between the exit polls and the advance polls. Such discrepancies led to the Rose Revolution in Georgia and the Orange Revolution in Ukraine, and in both cases western organizations were in control of the exit polls as well as having plenty of their own «administrative resources» on the ground to spark a flash mob.

Anyway, Professor Motyl's chosen observers apparently agree that it was both Medvedev's announcement<sup>164</sup> that he and Mr. Putin would change places (this was in fact not what he said at all, which would be beyond cynical; he announced that United Russia's candidate for 2012 would be Vladimir Putin, and Putin later announced<sup>165</sup> that he expected Mr. Medvedev would head United Russia's list for Parliamentary elections and be Prime Minister) and fraudulent elections for the Duma that «sparked the countrywide demonstrations». Just remember, you made me say it – the countrywide demonstrations incorporated less than .001% of the around 61% of the Russian electorate that voted (thanks for that statistic, Moscow Exile).

Mr. Motyl is quite correct that observers agree the leading role in the protests belonged to the middle class and youth. However, one need only to look at the forest of flags on show at Sakharov and Bolotnaya to see the demonstrators were a widely diverse group with their own goals and aspirations, and were far from a united movement with a common objective. In fact, had they been successful, they likely would have fallen to fighting among themselves like Chechen warlords. Nationalists under the yellow-and-black guidon of Imperial Russia, Communists under the red banner, even the red-and-black standard<sup>166</sup> of the Ukrainian Insurgent Army (UPA: good eye, Leos!) Strange to see the Hammer and Sickle side-by-side with the flag of the citizen army whose leaders included Nazi collaborators<sup>167</sup> and joined with Germany to fight against the Soviet Union in the hope a victorious Germany would grant Ukraine independence- truly, freedom of expression is on the march.

According to Professor Motyl, the system Vladimir Putin built is «profoundly unstable... one that is likely to decay, decline, and possibly even crash», which «may be starting to happen». Is that so? I would have thought the global finan-

cial meltdown in 2008 would have stressed such a system severely. It would be a surprise to see that system rebound quickly<sup>168</sup> and flexibly, returning to profitability in less than two years (so quickly, in fact, that limiting controls had to be imposed in order to curtail inflation) , and to outperform<sup>169</sup> all its fellow BRIC countries in all but a single category, in which it came second. Perhaps it was a surprise to Professor Motyl, because that's what happened. It's difficult to imagine a motley crowd of everything from nationalists who want Russia to divest itself of the Caucasus to students who were less than 10 years old when Putin first assumed the presidency and who went along because dissent was perceived as cool could provide a greater strain on Putin's shaky system. But that appears to be what Professor Motyl is saying.

I realize he is talking about the political system Putin built rather than the financial system of the Russian Federation. So, where would you like me to separate them? In a nation whose biggest capital inflows are controlled by the state, and one in which – according to countless western critics, «nothing moves without Putin's word», how could the political system be weaker than a financial system that is manifestly such a success?

However, if you thought that was weak, you will be shaken by Motyl's abrupt dive into the dumpster, down, down through the strata of rubbish to the very core of garbage, that comes with his introduction of and support for the term «fascistoid». Russia is not quite fascist, we learn; it is «fascistoid» – whereupon Mr. Motyl goes blithely on to describe a fascist system anyway. This system, we are told, is characterized by (1) reverence for soldiers and policemen. Daryana!! Where's that piece where Motyl said the Russian Army was falling to pieces? Ahh.. thank you. How, then, do you explain this<sup>170</sup> in the context of reverence for the military, Professor Motyl? Isn't that your name under the title? But... you describe the Russian Army as «a pale imitation of itself, a wheezing symbol of Russia's deterioration. From a total of three million men under arms toward the end of the Cold War, the Russian armed forces have shrunk to one million. That would be good news were it now a better force. But except for some elite units, most Russian troops are poorly trained and demoralized draftees subjected to pitiless hazing and prone to alcoholism, suicide and corruption.» How, pray,

does that square with an elite group given «pride of place» in Putin's fascist dictatorship? And when you wrote that in 2007, you said the middle class made up about a fifth of the Russian population. Fast-forward to 2012, and the middle class is a gigantic, unstoppable juggernaut mercilessly stoking the engines of social change and dissent. Yet somehow the man who presided over this quantum leap in empowerment of the middle class is a failure whose ruthless dictatorship squashes individual initiative? Are you listening to yourself?

Russia is a member of the G8, you say, but kind of sticks out in that group like a cockroach on a wedding cake because it is neither rich nor democratic. The country that has the world's third-highest cash reserves and the G8's lowest debt? That the one you mean? Sure you want to stick with that story? You must be a devotee of that «borrow a dollar and the bank owns you: borrow a million dollars, and you own the bank» theory. I'd point out also that you trot out virtually every disproved Russian trope in that piece, including the nearly-a-million-Russians-disappearing-every-year nonsense, and ally yourself as you have done before with nutty windbag center of the bozone layer Lilia Shevtsova. Rather than Putin's political system looking shaky, it is your own claim to be an academic.

Police given pride of place? Hardly – according to this mostly-positive piece<sup>171</sup>(which mentions, by the way, that the final draft of the new Police Bill included suggestions from the public: quite a fascist dictatorship), the police are «dogged by low salaries and low public regard».

Well, let's move on with our fascistoid dictatorship, before I lose it and start kicking things. Next up, (2) a fascistoid system restricts freedom of the press. This, applied to Putin's Russia, is nonsense. There are plenty of extremely vocal critics who heap vituperation on the government's head without letup, and even mainstream outlets are simultaneously more balanced in their coverage than America's Republican mouthpiece, FOX News and less worried about government shutdown than independent television stations in Tbilisi under Saakashvili. (3) Repression of the opposition. That's it; that tears it. That's all I can take of the horseshit about marginalization of the opposition in Russia. To whom are you referring – PARNAS, the Great White Hope of the Russian liberals, led by Vladimir Ryzhkov, Boris Nemtsov, Mikhail Kasyanov and Vladimir Milov? For

starters, Vladimir Ryzhkov is a card-carrying member of the World Movement for Democracy<sup>172</sup> which lists itself on the «about» page as a subsidiary of the National Endowment for Democracy, a pro-regime-change Washington NGO which was prominently involved in both the Rose and Orange revolutions. There he is<sup>173</sup>, on the far right in the photo of the Steering Committee, of which he is a member. How far do you suppose a complaint would get that the sitting U.S. Government was «marginalizing the opposition» because there were no Communists in the House of Representatives? The Communist Party does exist in the U.S, of course, but it never wins anything significant and the country styles itself a model of tolerance because it allows it to live. Boris Nemtsov could not get elected official chicken-catcher during a bird flu epidemic, consistently polling under the threshold for the Duma. His political adviser, Vladimir Kara-Murza, is also connected<sup>174</sup> to the National Endowment for Democracy. So, what you're saying is that Putin and United Russia are by their popularity with the Russian electorate marginalizing opposition parties, and if they were fair they would get caught in some kiddie-porn sting or something like that, to make themselves less popular. In the interests of a free and open competition. Doubt me? Check any western reference you like that features a story on Russian politics within two weeks of the election. They all acknowledge Vladimir Putin is extremely popular and will win easily. But somehow when he does just that, it's not because he is popular, but because he marginalizes the opposition. Does that honestly make sense? At all? Let me help you. No, it doesn't.

Well, the opposition will doubtless be delighted to learn that new reforms will drop the membership quota required for registration as a political party from the current 50,000 down to a truly laughable 500, and scrap the law that required parties to have a minimum number of signatures. What? They're pissed off about it<sup>175</sup>? «But analysts question how far the liberalized procedures will help the opposition become a real political force. «The liberalization of party registration will simply lead to the appearance of dozens, if not hundreds of parties in the next year or two», said Vyacheslav Nikonov, head of the Politika Foundation. «This will particularly apply to the liberal parties – they will simply cancel each other out».

There you have it, folks. The best way to «help the opposition become a real political force» would be to allow the votes of their family members to count as a million each, disqualify any party that does not agree a liberal party should win, and require non-liberal voters to speak a secret password that will be controlled by the liberals before being allowed to cast a ballot. I'm sorry, I know that's just sarcasm – supposedly the lowest form of wit – but I will be damned if I can see what will satisfy Russia's liberals beyond simply granting them victory without a contest. I confess I stopped reading at the point where Professor Motyl offered that, while nobody could reliably predict just when Putin's tottering, corruption-riddled system might collapse, two more six-year terms would be the end of the line for Putin. I began to hear the voice of Basil Fawlty, from the British comedy series *Fawlty Towers*: «Do you think we could get you on 'Mastermind'?? Our next contestant, Alexander Motyl – special category, the Bleedin' Obvious!!» Two more terms would be the limit Mr. Putin could serve under the law, and the loophole regarding «consecutive terms» will likely be removed during this period.

Let's keep this simple. There was nowhere near the level of fraud western sources claim in the presidential elections, and likely there was very little. Mr. Putin was forecast to get around 60% of the vote in poll after poll before the election, and that's precisely what he did get. Russia is far more democratic than many of the truly vile systems the west avidly supports, such as Bahrain and Saudi Arabia, and is more democratic than some that were pet western projects, like Georgia. The west's vision of democracy for Russia means a system in which western influence will determine the leader, who will be chosen based on his/her attitude toward – surprise! – Western policy.

Fascistoid? Really? As the saying goes; if I agreed with you, we'd both be wrong.

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## Send In The Clowns

This article was originally published on the website [Kremlinstooge](#)<sup>176</sup> in April 2012.

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*Don't you love farce?*

*My fault, I fear;*

*I thought you'd want what I want:*

*Sorry, my dear...*

*And where are the clowns?*

*Send in the clowns: don't bother...they're here*

Very likely the most oft-quoted of Marx's observations on the human condition is taken from *The Eighteenth Brumaire of Louis Napoleon*; to wit, «...all great world-historic facts and personages appear, so to speak, twice...the first time as tragedy, the second time as farce.» Say what you like about Marx, he had a flair for philosophy. Not to mention for forecasting. Alexei Kudrin appeared first as a tragic figure, tormented beyond endurance by being denied the appointment that was rightfully his and forced instead to serve under a man he likely considered not only his inferior, but a poor choice for the post. He...well, he lost his head and said some things – to the delight of the western press – that could not be unsaid, immolating any chances he might have had to be part of the new government. Not surprisingly, he was fired immediately, as we discussed in detail here<sup>177</sup>.

Right on schedule, Kudrin descended into farce, trying to manage an ugly-duckling-to-swan transition at Sakharov Prospekt, only to have his coming-out speech<sup>178</sup> drowned in «boos and catcalls». Correctly assessing that his electoral appeal suggests he might as well take up the electric guitar if he wants to draw a crowd, Mr. Kudrin has taken the next step. From PV Mikhail on the Hungarian Desk, we learn<sup>179</sup> that Mr. Kudrin is forming his very own think tank. Of course, the Intertubes are all atwitter about it, reporting it in the *Kyiv Post*<sup>180</sup>, the *Washington Post* and *Reuters*<sup>181</sup>. Mr. Kudrin has assumed a newsworthiness known only to those who oppose the Putin government, or who are found hanging in their closets wearing their wife's underwear.

What's all the excitement about? Let's see.

Mr. Kudrin, we're told by the *Moscow News*, is «a respected ex-politician». Really? Respected by whom? The *Moscow News* must have a short memory, because it was the source which reported his speech at Sakharov Prospekt was drowned out by boos from the people who are supposedly eager to participate in the political process with Mr. Kudrin. Commenters here have accurately pointed out that Mr. Kudrin is, strictly speaking, not a politician of any kind, considering he has never successfully stood for election to any office, but has instead been appointed to his positions. The definition of «politician» would seem to include him, since it includes anyone who pursues politics as a profession, so I'll leave it to you, although it seems to me he gained his political status as a result of appointment rather than political popularity. Well, no use being mean, I suppose. But I can't help noticing the «respected» part seems – lately, at least – to come mostly from western pundits. Respect for a Russian public figure from western sources, oddly enough, seems to accompany a western perception that the person might be instrumental in forcing Vladimir Putin out of office. That could be just a coincidence, of course.

Anyway, let's move on. The Committee, whose membership is not yet complete, but in which a couple of journalists were accidentally incorporated, has released a statement – a manifesto, if you like – which announces it intends to «unite professionals from a range of different spheres, including science, healthcare and culture» (sounds like a good job prospect for any crank who considers himself an «elite» and believes the future for Russia lies in extensive privatizations and letting the market take its course) and to «openly oppose the actions of the government, regardless of who they are or their position».

Regardless of their position. Maybe something got lost in translation there, but it sounded an awful lot to me like, if the government proposed raising the minimum wage again, Kudrin's Committee would reflexively oppose it, because it was put forward by the government. Sure; that'll work. How long do you think it will take people to predict the way the Committee is going to jump on every issue? Or to notice that lockstep opposition and wailing that it can only end in the collapse of the country will accompany every initiative, whether it is brilliant or awful? Or

for the government to just carry on as if Kudrin's organization did not exist, since they can be relied upon to fight against whatever the government does no matter what it is? What's «Tea Party» in Russian? I'll tell you what; *there's* a group of people that needs remedial instruction in how to write a mission statement.

Where's the money going to come from to stroke this panel of experts? Oh. From Russian businesses. Well, good luck with that. Just off the top of my head, I would guess that Russian businesses who depend on government spending in order to turn a profit might be somewhat reluctant to finance an organization that vows to fight government spending tooth and nail. But that's just a guess – don't take my word for it, I'm not a Russian businessman.

Of course, Mr. Kudrin might mean businesses that work for Mikhail Prokhorov, with whom he on-again-off-again talks about forming a «rightwing party». Say, can you think of a Russian businessman who tried to use his wealth to overthrow the government of Vladimir Putin by financing the opposition? I can. Want me to tell you where he is right now? I think Mr. Putin made his position on oligarchs and political meddling quite clear.

Anyway, that's enough of that for a minute; too much politics is kind of a downer. I know – let's play a game. I'll give you a set of conditions in a hypothetical country, and you form a hypothetical opposition committee that can expect popular support for a position whereby the committee opposes every action the government takes. Ready? Here we go. Interest rates dropped from 25% to around 7% in the past 6 years. Tick tick tick. Balance of trade doubled in the last 5 years. Tick, tick. Third-largest cash reserves in the world. Tick. Come on, there's a time limit! Poverty cut by more than half in a decade. Tick, tick. Steady per-capita GDP growth year-over-year.

Nothing? What are you telling me; that an opposition organization that resolves to throw itself against the government on every issue stands little chance of gaining popular support as long as the country continues to prosper? You don't say.

We've been over and over this business of Putin-is-playing-a-dangerous-game-relying-on-high-oil-prices, but much of the English-speaking media seems to think it's a pearl of wisdom every time Kudrin says it. You know; him being the brilliant fiscal architect who steered Russia through the treacherous seas of the

financial crash, and all. Well, for the record, Kudrin sang that same oil-prices song pretty much every year he was finance minister, foretelling disaster if Russia did not diversify. Was he ever right? No; no, he wasn't. Is it smart to suggest that a major energy producer start trying to sell less than it is capable of producing? If it is, nobody has discovered that yet, because nobody advises any other major energy producer to do it. Until that becomes conventional wisdom, any nation that has a lot of oil but decides to sell cars or refrigerators instead is simply giving up market share to other producers. If Russia began cutting production, they would be accused of price-fixing and trying to create a world shortage to make energy prices increase, because that would be the net effect whether it was deliberate or not. And every time Russia announces it is trying to break into the auto market or the nanotechnology market, the response is laughing and finger-pointing from the western idiot-savants who are currently riding cratering economies. Is there a lesson in there? There sure is. If you really want Russia to succeed in diversifying the economy, shut up while they're doing it. If you don't care about Russia trying to diversify the economy, stop pretending to be concerned, because nobody is falling for it.

So, not to disturb a sugarplum dream of President Kudrin shaking hands with President Palin or anything, but here's what you should keep in mind about Mr. Kudrin: One, despite a reputation for economic brilliance that verged on mind-reading, Alexei Kudrin in fact opposed the very reliance on energy prices nearly every year that they continued to improve the standard of living for ordinary Russians. He did recommend saving the money instead of blowing it on hookers and Jack Daniels, and that was smart, but let's not get carried away. Two, Alexei Kudrin argued against all the wage and pension increases that saw Russians' purchasing powermove upward all the time Putin was running the show. Unless you're prepared to argue that purchasing power should go down and that citizens have far too much money, you kind of have to go with that being bad advice, since Russia demonstrably could afford it. And then Mr. Kudrin told eager English-speaking reporters that this was an example of how the Russian government could correct its mistakes, when it really didn't make a mistake (not about that, anyway), but would have if it had listened to him. Three, Alexei Kudrin is not the charismatic, dynamic leader-in-waiting of a revolutionary caretaker government

that you are looking for, and would have a hard time getting elected mayor of his home town. I hope that wasn't you I heard laughing just then, Nemtsov.

*Isn't it rich?*

*Isn't it queer?*

*Losing my timing this late in my career?*

*And where are the clowns?*

*There ought to be clowns...*

*well maybe...next year*

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## **Anatoly Karlin**

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## Why Russians like Putin's Russia

This article was published on May 6<sup>th</sup>, 2010<sup>183</sup>.

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On May 5th, Levada carried out an opinion poll asking Russians<sup>184</sup> what percentage of their family's income is spent on food. No «Putin licking», useful idiocy, or ifs and buts about it. It is a very straightforward question, put to the Russian people, the long-suffering Russian people for whom Russia's liberals and the Western commentariat presume to speak for. What do they say? In 1991, 30% of Russians spent «almost all» their family income to obtain the bare essentials for life. Throughout the 1990's, the period of anarchic stasis, this figure fluctuated in the 45-65% range. But after 1999, it began to plummet. It fell to 14% by 2007-09, remained unaffected by the economic crisis, and reached just 10% this year. This figure, I would venture to guess, is not very different from most developed countries (and certainly a *real* world removed from some Russophobe fantasies<sup>185</sup> about food availability dropping to World War Two levels under Putin). The graph below is worth a thousand words.

This is not all, of course. The decline of (extreme) poverty in Russia, and the gradual emergence of a consumer middle-class, can also be proxied in other statistics such as Internet penetration<sup>186</sup>, which is now at 38% and expanding rapidly. This also puts paid to another frequent Russophobe trope, that Russians are starved of outside information and are therefore brainwashed into worshipping Great Leader Putin and his neo-Soviet goons. Not very convincing when the most stalwart fans<sup>187</sup> of the present regime are Muscovites with higher educations, i.e. the Russians that are most exposed to the West, now is it?

And this uptick in social morale isn't solely related to rising economic affluence, either. For the first time since the late 1980's, Russians see a government that – though it might be incompetent, corrupt, and infested with oligarchic bureaucrats – is at least standing up for their interests abroad, paying respect to traditional Russian culture, and doing more for the social welfare of ordinary citizens<sup>188</sup> than any previous Russian or Soviet regime.

Note that in making this argument, I am not in the least drawing upon what the Russian government says. This brief post only reflects and publicizes the sentiments of the Russian silent majority, who by and large feel much more free<sup>189</sup> today than they did either during the senescent authoritarianism of the late Soviet Union or the anarchic stasis of the Yeltsin years. A silent majority that by and large does like their own country<sup>190</sup>, despite the marginal, but very loud, protestations of the liberasts<sup>191</sup>.

I've lost track of how many times I've read about how in Russia only the rich are getting richer while the poor get poorer, or how Moscow is sucking all the resources and lifeblood out of the provinces. Now I'm not one to deny that there remains a lot of poverty in Russia, and being a social liberal I do think that its wealth gap is unacceptably large (and has been since 1994<sup>192</sup>). But that would not excuse me from making claims that are blatantly false. At least the same standards ought to apply to Russia watchers who actually get paid to set Western opinion.

Likewise, the idea that Russians are somehow «shielded» from the purifying light of Western information (propaganda) also falls on its face – most younger Russians now have some degree of Internet access, and their most common reaction to the Western gospel is not adulation or conversion, but dismissal for being laughably out of touch with Russian reality, if not outright mockery<sup>193</sup>. You see, back when there was *real* information control, as in the 1970's, the West was venerated as a divine entity. Not only by Soviet dissident, but ironically, at least as much by the regime's intellectual defenders, who couched their propaganda in quasi-religious language such as «idolization of the West» (идолопоклонство перед Западом). This did not have the desired effect, since the austere conditions and subjugation before authority of everyday Soviet life actually made the West kind of desirable and glamorous for the very things that it was being condemned for. But the lifting of the Iron Curtain and Russia's growing experience with Western ways of doing things, not to mention the hypocrisy and double standards of the West's actions towards Russia during its time of weakness, produced a complete reversal. Revealed as a false God, a general disillusionment set in.

The instinctive reaction of the Western chauvinists and their Russian liberal lackeys to this is that the Russians are stupid, «sheeple» or simply incurable goose-

steeping authoritarians. After all, to them, the «Idea of the West» is divine, hence any deviation from the true path is pure heresy that ought to be ruthlessly eradicated – just listen to the speeches of the neocons, the «liberal interventionists», and the Russian liberals. But look at this from Russians' perspective. Throughout its history, Russia has worshiped one false god after another. The Western god is just one of the latest in a rich pantheon, reaching its zenith in the late 1980's and early 1990's before experiencing a long decline into irrelevance. If there is one defining feature of today's Russia, it is that it is essentially post-ideological (*despite* the neo-Tsarist kitsch) and primarily interested in doing *what works*<sup>194</sup>. And is not this very attitude, skeptical and realist, *archetypally* Western?

If it wants to contribute meaningful insights, the Western commentariat must move on beyond the ideologies and end-of-history meta narratives, beyond the false authoritarian/liberal binary, beyond the fixation on Putin. It must adapt to a new world. A world in which Russians and other non-Western peoples are beginning to challenge the Western media hegemony<sup>195</sup> that views everything through the prism of a narrow definition of liberalism as being synonymous with the ruling elite's support for the interests of American foreign policy and international capital. A world in which a growing diversity of voices<sup>196</sup> are enabling peoples to chart their own sovereign destinies.

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## Whom to Trust: Western «Experts» or Your Lying Eyes?

This article is heavily based on a July 2010 blog post, Rosstat and Levada are Russophobia's Bane<sup>197</sup>.

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Still no economic collapse. Still no anti-Putin uprising. Still no demographic apocalypse. As the years pass by, Russophobe canard after Russophobe trope is relegated to the dust-heap of history, only to rise back out of its grave, zombie-like, whenever Boris Nemtsov pens yet another hysterical screed on the failures of Putinism or Moscow sees another protest where the journalists outnumber the activists. «Surely,» the Western commentariat says, «the system is rotten, and as soon as the Russian masses realizes they are being hoodwinked by the regime-friendly media, they will revolt and force Putin and Khodorkovsky to change places.»

Unfortunately for their purveyors, these Manichean narratives mostly rely on anecdote, hearsay and the fluff and snake oil that is more commonly known as «political science». When one looks at the objective evidence – things like economic and demographic statistics and Russian opinion polls – a rather disquieting picture emerges, for Russian limousine liberals and Western Commissars of Transitionology alike. This picture shows that Russians do more or less like «Putinism», that liberals aren't all that popular, and that most socio-economic indicators really are improving. True, it would be ridiculous to claim that they constitute a full vindication of the regime. Russia still has many serious problems and Russians are understandably frustrated about not infrequent cases of gross corruption and social injustice. But the hard data from Levada Center (Russia's Gallup) and Rosstat (state statistics service) does tend to invalidate around 90% of what is written about Russia in the Western press and political science. The onus is on them to present serious evidence that these two organizations manipulate their figures to serve the Kremlin's interests.

It is not my intention in this article to demonstrate the full range of ways in which the Russophobe narrative falls face down faced with the evidence from Rosstat and Levada. Though I'll give just one or two examples, it is easy to

extend them near indefinitely. Let's first take a look at Rosstat. Now one of the most prevalent narratives about the failure of Putinism is that Russia's population is in «free-fall», a «death spiral» (insert your own appropriately apocalyptic-sounding term)... The government couldn't care less about the soaring murder rate or the plight of Russia's children and HIV sufferers... Russian women are voting on their country's future with their wombs and life expectancy has sunk to unimaginable lows... etc in a similar vein. There's really no need to cite any examples here – anyone familiar with the Western commentary on Russia (or knows how to Google) can easily find many, many articles with these premises in «respectable» publications.

Yet according to the statistics, this narrative is increasingly obsolete, and sustained only by ever more brazen manipulations and misinterpretations of the data. Just to throw out some figures, from 2000 to 2011: the fertility rate rose from 1.2 children per woman to 1.6; life expectancy rose from 65 years to more than 70 years. The rates of death from alcohol poisoning, murder, suicide and accidents, as well as infant mortality rates, have all fallen by around half relative to the early 2000's. The population is growing steadily from 2008 on. Now this is NOT to say that Russia's demography is all nice and prim nowadays, nor that all the improvements can be chalked up to Putin's policies. Death rates amongst middle-aged men remain stratospheric relative to the developed world. Nor is it clear to what extent recent falls in mortality were due to better anti-alcohol or healthcare policies, and what share was accounted for by Russians simply beginning to drink less booze. Nonetheless – and unless Rosstat is lying through its teeth – the improvements are real enough and denying them will not make them go away nor cause the «bloody Putin regime» to collapse any time soon.

The main argument remaining to the Russia pessimists is that Rosstat is simply lying. It is, after all, descended from Goskomstat (its web address, <http://www.gks.ru/>, underlines this), an institution which used to cover up the Soviet figures on infant mortality when they increased in the 1970's and whose bogus accounting of Soviet economic growth implied that the USSR should have been several times wealthier than America by the time of its collapse. The academic and current US ambassador to Russia Michael McFaul, in his response to a post by the

blogger Fedia Kriukov debunking many of his supposedly «factual» assertions in «The Myth of the Authoritarian Model», claims that «the real experts on this stuff (which I am not) have become very suspicious of goskomstat's work of late». Funny, as if in anticipation, Rosstat makes sure to proclaim the exact opposite on its front page: «International expert examinations confirm that the data of the Federal State Statistics Service are reliable.» I guess everyone is susceptible to appeal to (unsourced) authority when their integrity is at question! So who's right?

To be absolutely honest, there is no real way to find out (unless official stats are grossly out of sync with perceived reality as in the late USSR, but that cannot be said for today's Russia). Let me try to explain. In general, only national statistics services have the manpower and regulatory resources to compile comprehensive demographic (economic, etc) statistics on their own countries. The stats you see from international institutions like the World Health Organization or the World Bank are mostly drawn and aggregated from national statistics services. We just have to take them at their word. The only exceptions are when the countries they operate in are so chaotic (Somalia) or closed (North Korea) that their stats cannot be relied upon, in which case multinational organizations try to come up with their own guesstimates (with the emphasis on the «guess» part). Russia is not one of these exceptions. International institutions do use Rosstat's figures. Even people like Nemtsov and McFaul himself use them when it suits their purposes, even though they cherry-pick them to make their ideological points.

Furthermore, it is not entirely clear who will benefit from expending massive stats to subvert Rosstat. Cui bono? Certainly no private interests I can think of. While Putin or his circle may wish to «pad» some bad stats, this would be a very risky endeavor. It could explode in their faces (analyses from outside expert observers, revelations from whistle-blowers, etc) – and even if they can keep up the deception in the long run, the cessation of reliable information on the country will severely hurt the strategic vision of the leadership as happened in the late USSR. So given all the arguments for Kremlin non-interference, and in the absence of convincing evidence to the contrary, we must assume Rosstat reliable.

Now let's go over to the Levada Center and a couple more examples. (VCIOM and FOM are two other major Russian polling organizations, but I'm mainly go-

ing to focus on Levada, as the former two are state-owned and as such, are more vulnerable – if unfairly so – to attacks of the «But look who’s paying them!» type). Though I know they have their limitations, I am a big fan of opinion polls. Why listen to the ramblings of self-appointed «experts» from their comfortable armchairs, when one can listen to the voices of the people directly? That the Western media doesn’t is because that what Russians say is deeply discomfiting to their worldview, in which Western values are held to be some kind of universal religion. For what Russians say goes far beyond expressing stratospheric approval ratings for Putin (at least that can be «explained» by the pro-Kremlin «propaganda» on state TV or Russians’ «traditional» preference for a strongman at the helm). But «explaining» the following is much harder for them:

1) The Internet is no more censored in Russia than in the West (which is to say very little); indeed, there is an entire site, Inosmi (<http://inosmi.ru/>) dedicated to translating Western media for the (typically mocking) amusement of its Russian readership. The latest figures show penetration in Russia steadily creeping up to encompass more than a third of the population, which implies near universal access amongst groups like educated, urbane Muscovites. So one would presumably expect most Putinistas to be old, sour-mouthed «sovoks», right? (As per classist, Russophobic thinking). Wrong. Support for the Kremlin is virtually as high among young, university-educated Muscovites – the segment of the Russian population that is most exposed to the West through the Internet and foreign travel – as among other groups.

Though the dinosaurs in the MVD may temporarily confiscate Nemtsov’s scribbles on how Putin is really, really bad, they could be freely accessed in cyberspace throughout the whole affair. Apparently, his works simply do not make much of an impact on their own (de)merits! All said, it is hard to see the validity of the argument that Russians would reject Putinism if only they could discern the beacons of freedom beyond their borders... No. Said beacons already caused a Russian housefire in the 1990’s, and they have no desire to repeat the experiment.

2) Another cornerstone of the Russophobic narrative is that under Putin, elections have become so fraudulent that they have completely decoupled from reality. The corollary is that the regime no longer has democratic legitimacy. Now I’m

certainly not one to deny that the Kremlin doesn't make ample use of its «administrative resources» to slant election results to its liking, both formally (e.g. stricter registration requirements, unequal TV access) and informally (e.g. state employer pressure to vote for the party of power). There is also no denying that in some regions, like Chechnya, elections really are risible and entirely meaningless. Yet is there really this huge black hole between public sentiment and the ballot count?

Well, we could actually take the unimaginably revolutionary and incomprehensibly convoluted extremely obvious and logical step of actually asking Russians whom they intend to vote for and whom they actually voted for, and compare it with the election results. In fact that is what Levada did for the 2008 Presidential elections. 80% of Russians said they intended to vote for Medvedev, 71% later said they did, and the official result was... \*drumroll»... exactly 71%! Vastly more people, at 18%, ended up voting for the Communist candidate Zyuganov, than the 11% who originally said they would; and whereas only 7% recalled voting for the nationalist Zhirinovskiy, his real result was 10%. One is almost tempted to consider whether the Kremlin rigs elections against itself! (It doesn't, and in fact there is credible evidence of pro-Kremlin fraud; but its magnitude at the national level is modest, being concentrated in a few republics, and would not affect the ultimate results).

Likewise in the recent 2012 Presidential elections, the opinion polls largely coincided with the real results. A big majority expressed the intention of voting for Putin on the eve of the elections: 66% – Levada; 66% – VCIOM; 70% – FOM. The real result was 63.6%. The two major exit polls by FOM and VCIOM, as well as a statistical analysis by Dmitry Kobak, indicates that the real percentage Putin got was more like 59%, thanks to prodigious efforts on the part of ethnic republic bigwigs like Kadyrov overly eager to demonstrate their loyalty. But this is still a lot higher than the 50% needed to avoid a second round, which Putin would have in any case won against perennially second-place Zyuganov.

Based on the above, it is fair to say that Russians got whom they wanted in the Presidency. The March 2 election results match both the February voter intentions and voter reminiscences some two weeks later. While one can certainly

question the amount of real choice Russians got to exercise in what was a managed succession, it was hardly foisted on them by the jackboot.

3) Last but not least, most Russians themselves think they live in a free country and a democracy. In a 2008 BBC poll, 64% of Russians said Putin has a positive influence on human rights and democracy. Political scientists may disparage them for it, claiming that Russians don't understand what democracy is all about. This misses the point. Democracy is more than just free, fair elections and some civil rights. Above all, it needs popular support for its long-term survival. The opinions of various political «experts» and sundry punditry are irrelevant.

Quite an indictment of most Russia commentary in the press today, wouldn't you say? The Russophobes have two responses to this. First, as with Rosstat, they claim that «Levada's institute is no longer fully reliable» (remember that getting results that can be construed as being pro-Kremlin disqualifies you from being «reliable» almost by definition). This is really laughable. The director of Levada Center, Lev Gudkov, writes things like this:

*... Putinism – is a system of decentralized use of the institutional instruments of coercion, preserved in the power ministries as relics of the totalitarian regime, and hijacked by the powers that be for the fulfillment of their private, clan-group interests. The regime is unstable, with questionable chances of long-term survival or peaceful transferal of power.*

Yes, Gudkov sure sounds like a raging Russophile maniac... erm, rather skeptical sociologist with no particular love for the Kremlin!

The second critique is downright loony, and is never made by even halfway serious Russia watchers. They say that Russians are too afraid to answer opinion pollsters truthfully or reveal their real feelings towards Putin. There's really no way to argue with such people. To them, if Russians say things are bad in Russia then they are bad, and if they say things are good in Russia then they are either paid shills or trembling slaves of the Kremlin. It's a closed loop, unfalsifiable, and thus, a fallacy.

There are three main conclusions to be made. First, the «moderates» in the Russia debate can rest assured that they're on the right track. Second, the (extreme) Russophiles and Sovietophiles shouldn't rejoice. The polls indicate continued

low trust in most institutions, unsatisfactory access to healthcare and education and a very corrupt bureaucracy. Likewise, despite recent improvements, Russia's demographic situation remains highly unsatisfactory as regards mortality rates, especially among middle-aged men, and deaths accruing to external causes like alcohol poisonings and accidents. Third, the (extreme) Russophobes would be wise to reconsider most of their positions in a fundamental way, because as it stands they are wrong on almost everything. Unless they are really, really good at digging up dirt on national statistics agencies and opinion pollsters, in which case they should get to work on «exposing» Rosstat and Levada!

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## Reports of Russia's Death Are Greatly Exaggerated

This article was written especially for this book.

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In 1992, for the first time since the Great Patriotic War, deaths exceeded births, forming the so-called «Russian Cross». Since then the population fell from 149mn to 142mn souls. Ravaged by AIDS, infertility, alcoholism, abortions, and all other kinds of evils, Russians are doomed to die out and be replaced by hordes of Islamist fanatics in the west and Chinese settlers in the east.

Or so one could conclude from reading many of the popular stories about Russian demography today («The Dying Bear» by Nick Eberstadt in Foreign Policy magazine is but the latest example). The total fertility rate (TFR), the average number of children a woman is expected to have, is well below the 2.1 needed for long-term population stability. Though current Russian crude birth rates are not exceptionally low, they will plummet once the 1980's youth bulge leaves childbearing age after 2015. Meanwhile, Russia's life expectancy is exceptionally bad by industrialized-world standards. Death rates for middle-aged men today are, amazingly, no different from those of late Tsarism – a phenomenon Nicholas Eberstadt termed «hypermortality». This tragic development is almost entirely attributable to the extreme prevalence of binge drinking of hard spirits.

No wonder then that the recent UN report on Russian demography forecasts its population will fall by 10mn-20mn people by 2025. Set against these gloomy trends, the projections made by the Russian government (145mn) and state statistical service Rosstat (137-150mn) for the same year seem laughably pollyannaish.

How to then reconcile these bearish perspectives with the return to consistent population growth since 2009, and the diminution of natural decrease from more than 750,000 during 1993-2005, to a mere 131,000 by 2011? How to explain the fact that Russia's more than 143 million population today exceeds even the High forecast (142.7 million, 2011) from Rosstat a decade ago? Or the fact that mainstream demographics agencies are now revising their estimates upwards? Just a few years ago, the UN Population Agency predicted a range of 121 million to 136

million Russians in 2025, but as of 2010, its Medium scenario projects 139 million, and its High forecast of 144.5 million actually implies population growth.

I hate to say I told you so, but I told you so. The roots of Russia's demographic recovery were already well evident in 2008, when I made the prediction in my article *Faces of the Future*<sup>198</sup> that population growth would resume by 2010 by the latest – and in so doing, went against the grain of virtually all mainstream forecasts (to be criticized then, but gaining widespread if quiet acceptance now). What was the basis for that prediction back then?

First, fertility expectations today are little different from those of the late Soviet era, when the TFR was still relatively healthy. According to numerous surveys since the early 1990's, Russians consistently said they want to have an average of 2.5 children. This is broadly similar to respondents from the British Isles, France and Scandinavia, who have healthy TFR's of around 1.7-2.1. This suggests Russia's post-Soviet fertility collapse was caused by «transition shock» rather than a «values realignment» to middle-European norms, where people only want 1.7-1.8 children and actually have 1.2-1.4 children. As such, a major recovery seemed logical once the socio-economic conditions were in place for it.

Second, a major problem with the TFR is that it ignores the effects of birth timing. A more accurate measure of long-term fertility is the average birth sequence (ABS), which gives the mean order of all newborn children. If in one fine year all women in a previously childless country decide to give birth for some reason, the TFR will soar to an absurdly high level but the ABS will equal exactly one. In Russia the ABS remained steady at 1.6 children per woman from 1992-2006, little changed from Soviet times, even though the TFR plummeted well below this number. This indicates that many women were postponing children until they settled into careers and improved their material wellbeing – a hypothesis attested to by the rising age of mothers at childbirth since 1993.

Though this may be a false positive if many women remain childless, the 2002 Census indicated that only 6-7% of women did not have any children by the end of their reproductive years. This indicates that childlessness is not in vogue and worries about widespread sterility are overblown.

Third, a new confident conservatism has taken hold in Russian society. In contrast to the absolute nadir around 1999, socially as well as demographically (in that year, the TFR reached its lowest point, 1.16), at the end of 2006 consistently more Russians began to believe the nation was moving in a positive than in a negative direction. It is likely no coincidence that TFR began to consistently rise just then – from 1.3 in 2006 to about 1.5 in 2008. Generous new packages for having a second child were introduced, and higher salaries for budget workers fully offset any negative demographic effects of the 2008-09 recession. By 2011, the TFR was at about 1.6, and based on current trends, may exceed 1.7 in 2012 – an almost unthinkable development just a few years back.

This would make it broadly comparable to the Netherlands (1.79), Iran (1.70), Canada (1.67), and Estonia (1.62); below the US, France, the UK, and Scandinavia (1.8-2.1); and above Germany, the Med, Japan, South Korea, Poland, China, and the Christian ex-USSR (1.2-1.5). It is therefore time to stop thinking of Russia as a low-fertility country; it is firmly in the middle of the pack among industrialized countries, and far from the «sick man of Europe» it is still commonly portrayed as.

The situation with mortality rates is very substandard by developed country standards. While infant mortality rates aren't bad and have nearly converged with those of the worst-performing rich countries like the US, middle-aged male mortality is extremely high due to prevalent bingeing on hard spirits; according to various studies (e.g. A. Nemtsov), the vast bulk of excess Russian deaths relative to developed countries can be attributed to alcohol. (For instance, the typical Russian murder isn't a gangland shootout, but a drunken stabbing in a shoddy apartment). But high mortality rates only have a direct impact on replacement-level TFR when significant numbers of women die before or during childbearing age, as in Third World countries (which does not apply to Russia). Though tragic and unnecessary, its «hyper mortality» crisis mainly affects older men and as such has negligible direct effects on fertility; nor can widespread drunkenness check the growth of an otherwise vigorous civilization – the US in the 19<sup>th</sup> century was known as the «Alcoholic Republic.»

The «echo effect» of the reduced fertility rates of the 1990's – which will result in a big reduction in the numbers of women of childbearing age in the coming two decades – means that life expectancy has to be improved significantly for Russia to maintain population stability while keeping immigration within socially acceptable limits. Contrary to prevailing opinion, plans to raise life expectancy to 75 years by 2020 or 2025 are feasible if approached seriously. From 1970-1995 in Finnish Karelia, better healthcare and lifestyle reforms reduced incidences of heart disease, Russia's main cause of death, by over 70%. Considering the sheer size of the gap between Russia and the advanced industrial world, even modest improvements will have a big impact.

And there is plenty of evidence this is happening. There is statistical evidence that the prevalence of hard spirits drinking is on the decrease, which is believable given the rapid rise in life expectancy of recent years; it reached 70.3 years in 2011, which exceeds former Soviet-era peaks in the mid-1960's and the late 1980's (coinciding with Gorbachev's anti-alcohol campaign). Medical expenditures are increasing. There are plans to quadruple excise taxes on spirits and cigarettes by 2015, and their advertising is already restricted. Deaths from external causes such as homicides, suicides, and alcohol poisonings, which are highly onerous on life expectancy as they typically affect younger people – not to mention their especially tragic natures – have now fallen below the levels of the pre-transition period. Though they remain very high by West European and US standards, there is a clear trend towards improvement that can be expected to continue as Russia modernizes its drinking culture, health and safety culture, etc.

Now what about popular concerns about other demographic factors with potentially severe downsides, such as the effect of AIDS; of Islamization («dhimmitude», as popularized by Eurabia fearmongers); of a Chinese takeover of Siberia; or of an abortion apocalypse?

The Russian abortion rate was far higher during the Soviet period relative to today, when it was regarded as a regular form of contraception (nonetheless, that didn't stop the RSFSR from maintaining an essentially replacement-level TFR). Today, abortions continue on their longterm decline, even in the aftermath of the late-2008 economic crisis (and despite hysterical rumors spread by Nezavisi-

maya Gazeta to the contrary that were eagerly reprinted by the Western media). There were 4.4 million abortions in 1992, but only 1.2 million by 2010.

Institutions like the World Bank were predicting hundreds of thousands of deaths from AIDS by 2010, yet the death toll for 2008 was only 12,800. Further, the percentage of pregnant women testing HIV positive plateaued in 2002, suggesting the epidemic remains essentially contained among injecting drug users. Models projecting imminent mass deaths from AIDS (Eberstadt, NIC, Ruhl et al, etc) unrealistically assume heterosexual, sub-Saharan Africa transmission patterns, which is unbacked by sociological analysis or surveillance data. A more rigorous model by the Knowledge for Action in HIV/AIDS in Russia research program predicts a peak HIV prevalence rate of under 1% of the total Russian population by around 2020.

Fears of Islamization ignore the unremarkable birth rates among Tatars and Bashkirs, the two largest Muslim ethnic groups, and the 1990's fertility transitions in the Caucasus. Ethnic Russians make up 80% of the population as of the 2010 Census, virtually unchanged from the early 1990's, whereas only 4-6% of the population consider themselves to be Muslim in opinion polls. While Chechnya has Russia's highest TFR by far, it should be noted that its population is only 1.2 million, or less than 1% of the Russian total. As such, Russian Muslims simply do not have the demographic base to become anywhere near the Federation's majority ethnicity in the foreseeable future.

Various commentators such as Mark Steyn have created a craft industry of pushing the concept of «Eurabia», i.e. the notion that Europe is rapidly becoming Islamized due to immigration and higher fertility rates among Muslims. In Russia's context, this manifests in histrionic predictions such as that the Russian Army will be majority Muslim by 2015, and Russia itself will become majority Muslim by mid century (e.g. Daniel Pipes, Paul Goble). This, they argue, presages instability, religious strife, and the possible unraveling of the Russian Federation. But any such discussions are moot from the very start because it is demographically impossible for Muslims to become a majority. The two largest Muslim ethnic groups, the (largely secularized) Tatars and Bashkirs, have fertility and life expectancy rates that are barely distinguishable from the Russians

surrounding them in their Volga homelands. The only Muslim region with a total fertility rate above replacement level rates is Chechnya, but its current population is only 1.2 million, or less than 1% of the Russian total. Ethnic Russians make up 80% of the population as of the 2010 Census, virtually unchanged from the early 1990's. According to a recent opinion poll, 69% consider themselves to be Orthodox Christian, whereas only 5% consider themselves to be Muslim (<http://grehu.net/news/obshchestvo/7673>). No matter how one looks at it, Russian Muslims simply do not have the demographic base to become anywhere near the Federation's majority ethnicity in the foreseeable future.

Finally, the xenophobic (coming from Russians) or gleeful (coming from Westerners) fantasies that the Chinese are taking over the Far East isn't borne out by their data or logic. Serious studies indicate that there are no more than 250,000 Chinese in the Far East, most of them shuttle traders and seasonal laborers who have no intention of permanent settlement; indeed, the average resident of Heilongjiang – hailing from a country with 10% annual growth rates – would see little logical reason to migrate to Siberia and illegally in a pre-industrial farm in a God-forsaken corner of the taiga.

After 2020, Russia will start experiencing severe demographic pressure due to a smaller youth cohort and population aging. However, even based on relatively modest assumptions, it will avoid rapid population decline. For instance, according to my population model from «Faces of the Future», in which TFR is set at 1.5 from 2010 (in reality, already about 1.7); life expectancy only increases to 74 by 2025 (in reality, Russian government aims to get there by the late 2010's); and annual migration equals 300,000 (as per recent years), the population grows by one million to 2023, before slowly losing 5 million by 2050. Bearing in mind the pace of recent developments, which have consistently surprised to the upside, the likelier scenario is one of slow population growth for the next few decades.

A caveat is that demographic projections beyond a generation or so are largely useless. For instance, a League of Nations study in the 1920's predicted that France's population might fall to as low as 28 million by 1970, whereas today it exceeds 60 million; while Germany, demographically vigorous in the early 20<sup>th</sup> century, has had natural population decrease since 1972. Any simplistic ex-

trapolation will eventually founder on the discontinuities inevitably produced by complex human systems. As we proceed deep into the 21<sup>st</sup> century future, factors that are tangential or irrelevant today may come to assume an unforeseen prominence. For instance, if anthropogenic climate change turns out to be as catastrophic as many of the most recent models are predicting, then Russia (and Canada) might well see unprecedented masses of «climate refugees» beginning to pour in after 2050.

Comment is free as regards futurism, but facts are sacred when it comes to the present. Western journalists should heed CP Scott's wisdom, and spend more time getting their facts straight and up to date as opposed to wallowing in their usual tropes about «dying Russia.»

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## Truth and falsifications in Russia

This article first appeared at Al Jazeera<sup>199</sup>, immediately after the Duma elections, in December 2011.

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As I watched the results trickling in, flicking between Twitter and political blogs, I was under the impression that the 2011 Duma elections wouldn't exactly be a bomb-shell. The party of power, United Russia, was polling between 40-50 per cent – well below expectations, as all major opinion polls in the previous month had predicted it would get more than 50 per cent. This would make for a big drop from its 64 per cent blockbuster win in 2007, when Russia's economy was growing at Asian Tiger rates and confidence was at its peak. But considering its far more modest 37 per cent result in 2003, it was hardly the catastrophic loss that many were claiming it to be.

Oh, there would be the usual malcontents. A desultory meeting at Triumfalnaya Square in which journalists outnumber the placard-waving protesters, with one of the grand old men of Russian liberal politics expounding on the country's never-ending descent into 'thievish totalitarianism' to a BBC reporter. Expressions of «concern» about electoral violations from the State Department and sundry human rights organisations that are soon forgotten before business as usual resumes ... Oh wait, what?

The Russian winter is beginning to turn hot. Not quite hot enough for Moscow to sprout palm trees and adopt the Greek alphabet, but one could perhaps forgive Fox News for its faux pas in the excitement of the moment as reports of falsifications run rife through Runet (the constellation of blogs, social media and newspapers frequented by what is now Europe's largest internet population) and thousands of demonstrators gather to rage against the Kremlin machine. Police battalions and armoured vehicles pour into the streets. «Dear Vlad, The #Arab-Spring is coming to a neighborhood near you,» tweets Senator John McCain.

### The legitimacy debate

McCain's outburst reflected the spirit of the moment. Hillary Clinton described the elections as «neither free nor fair»; liberals such as Nemtsov and Gorbachev demanded their annulment. Commentary was suffused with vapid, partisan mud-

slinging matches between representatives of «the party of swindlers and thieves» (ie United Russia) and «the mercenaries of GosDep» (the US State Department). British journalists took turns comparing Putin to nasty critters such as rats and gremlins.

On a slightly higher intellectual plane, both sides have valid arguments. The liberals claimed that United Russia's real share of the vote was actually 40 per cent, or even 25 per cent, and that therefore its mandate was illegitimate. Just look at the thousands of violations reported by Golos, the elections monitoring organisation so ham-handedly harassed and persecuted by the Kremlin. Supporters of the Kremlin retorted that the results were closely correlated with both pre-election polls and exit polls, so any violations must have been minimal in scale; besides, wasn't Golos sponsored by US «freedom promotion» outfits, those dread instigators of colour revolutions, to the tune of millions of dollars per year?

As there is already enough rhetorical hot air wafting about cyberspace and Moscow's cafes for several election cycles in advance, little can be gained from further pumping the bellows. It is high time to take a cold shower of figures and statistics.

### **It's a numbers game**

In a perfect world, even a single violation would be one too many – and by all accounts there were many, many violations in this election: ballot stuffing, forced voting, roving «carousels», the works. But the world isn't perfect and elections are never entirely flawless, even in advanced democracies such as the US.

For instance, the 2004 US presidential elections featured «caging» scandals, dodgy voting machines in Ohio, and a turnout exceeding 100 per cent in several Alaskan districts. But few would go on to argue that Bush's win was fundamentally illegitimate, because ultimately, the official results reflected the will of the electorate.

And why should standards be any stricter for the Russians? Just by themselves, grainy YouTube videos and Golos' lists of violations do not constitute proof of illegitimacy. It is statistically illiterate to extrapolate from small and biased samples – be it a few polling stations or someone's (inevitably narrow) circle of acquaintances – to make judgments about an entire election.

The closest approximation to the «voice of the people» we have – apart from honest elections – are the results of pre-election opinion polls and exit polls. If, say, multiple pre-election polls and exit polls show that 35-40 per cent of respondents said they supported a certain candidate, and that candidate ends up getting 80 per cent of the vote, it is fairly obvious there was huge, systemic fraud, and that the election is thus illegitimate (this is, by the way, a real-life scenario: Our protagonist being Aleksandr Lukashenko, winner of Belarus' 2010 election). On the other hand, if the opinion polls consistently agree with official results – plus or minus a few percentage points for error – it is exceedingly hard to make a convincing case that fraud was large-scale and systemic.

How does Russia do on this test? The reality is that, during these elections, most of the polling evidence on the federal level – just as in all the other elections during the «authoritarian» Putin period – supports the Kremlin narrative that the elections in Russia were legitimate.

Of the three major polling organisations that tried to predict this election's results, all predicted United Russia would win a somewhat higher share of the vote than the 49.4 per cent that it received at the polls. The Yabloko party – beloved of liberals and émigrés, if not most other Russians – performed better than two of these polling outfits predicted, and the Fair Russia social democrats did a whopping 50 per cent better than the average prediction.

You may question the polling agencies' figures – perhaps the Kremlin pressured them to inflate their poll results? I'd say that's hardly probable when Lev Gudkov, director of the Levada Center, scribbles things like this in his spare time: «Putinism is a system of decentralised use of the institutional instruments of coercion ... hijacked by the powers that be for the fulfillment of their private, clan-group interests.»

I don't know about you, but to me he hardly sounds like the biggest Putin fanboy out there.

The exit polls paint a more conflicted picture. The three biggest exit polls all gave United Russia a lower result than the official tally (VCIOM predicted 48.5 per cent, FOM 43.1 per cent, and ISI 38.1 per cent).

The VCIOM figures are well within the margins of probable error and can be said to support the election's legitimacy. ISI's figures are troubling, but the polls covered fewer than a third of Russia's regions and are thus the least reliable of the three. The same cannot be said of FOM, a state-owned agency that polled 80,000 people and had the most comprehensive geographic coverage. Problematically, United Russia's rivals got significantly fewer votes than FOM's exit polls predicted: Nine per cent less for Fair Russia, 11 per cent for the Communists, 14 per cent for the LDPR, and almost a quarter less for Yabloko.

A difference of six percentage points between an exit poll and the official result is large, but hardly unprecedented in free and fair elections. For instance, in the 1992 UK general election, this discrepancy was 8.5 per cent points, due to bad sampling methods and the «Shy Tory» who refused to answer pollsters' questions. Can we extend the benefit of the doubt to the Kremlin?

### **The Moscow-Caucasus axis of fraud**

No, we can't. The FOM exit poll also had a breakdown by each of Russia's eight federal districts and Moscow. The differentials from official tallies in the Volga region, the North Caucasus, and Moscow were huge: 9.4 percentage points, 20.8 percentage points, and 23.0 percentage points respectively.

It's also telling that these inconvenient regional details were soon airbrushed from FOM's website. Fortunately, some enterprising sleuths saved the relevant files beforehand, enabling me to cite the data below from Alexander Kireev, a blogger specialising in elections analysis.

One is immediately struck by the extent to which the discrepancies seem to confirm an unkind Russian stereotype – that of Muscovite swindlers and shiftless minorities. In the Volga region, United Russia got its highest results in the ethnic minority republics of Mordovia (92 per cent), Tatarstan (78 per cent), and Bashkortostan (71 per cent). The level of falsifications in the North Caucasus are flabbergasting: Whereas ethnic Russian Stavropol gave United Russia 49 per cent, no Muslim-majority republic gave them less than 80 per cent.

Now it's not as if United Russia is unpopular there; leftists and LDPR nationalists hold little attraction to conservative Muslim minorities, and some have ar-

gued that the traditional social structure of these societies – headed by teips and village elders – encourages conformist voting patterns in order to maximise their numbers of deputies and thus lobbying power.

Even so, the FOM exit polls suggest United Russia's true percentage in the Muslim Caucasus regions was perhaps 70 per cent, which is quite a bit lower than the cool 91 per cent it actually received in Ingushetia and Dagestan. The strongman Kadyrov wasn't satisfied with merely Mubarak-like results; United Russia's figures in Chechnya were at a decidedly Stalinist 99.5 per cent. On the positive side, the Moscow authorities ignored the advice from the leader of Russia's most united province to use tanks to crush the protests.

But they weren't so big-hearted as to abstain from the falsifications game. Moscow is to Russia what Chicago is to the United States – not renowned for its probity. In the 2009 local elections, United Russia got 20 percentage points more than pre-election polls indicated, at the expense of all the other parties. In this election, the 44.6 per cent official result stood in uncomfortable contrast to the 23.5 per cent predicted by FOM and the 27.6 per cent predicted by ISI in exit polls. An investigation by the «Citizen Observer» initiative found that United Russia's results in stations where no violations were seen to occur was a mere 23.4 per cent, putting it in second place to the Communists – ironically, including at the very station where Putin voted.

Now, yes, there are many caveats: Error margins are significant; the «Citizen Observer» results were drawn from a very small sample; and as regards the FOM exit polls, 37 per cent of voters refused to answer pollsters, indicating the possibility of a «Shy Edross» effect – it's not exactly hip and cool to admit oneself as a supporter of the «party of swindlers and thieves» nowadays. But even taking all this into account, it's hard to credit United Russia with more than 30 per cent in Moscow at the very most. It was probably more like 25 per cent.

### **Reform or revolution?**

But it is too early – ridiculous, I would even venture to say – to proclaim the coming of a «Snow Revolution» or «Cabbage Winter» or whatever the latest version is. First, the reality is that at the federal level, the results are fairly accurate – they perfectly correlate to pre-election opinion polls, as the Kremlin's grey cardinal

Vladislav Surkov is keen to stress, and they are only six percentage points lower than both the most comprehensive exit poll and the average of the three exit polls.

This suggests that the aggregate level of falsifications is probably at around five per cent, and almost certainly less than ten per cent. Russia is not Belarus or Mubarak's Egypt. Either way, United Russia won, and it won resoundingly; the will of the Russian people was not fundamentally subverted. When Hillary Clinton says that the Russian elections were «neither free nor fair», she contradicts the opinion even of the OSCE observers, who were highly critical – as they have been with every Russian election after Boris Yeltsin left power – but acknowledged that, despite numerous technical flaws, the «voters took advantage of their right to express their choice».

Neither is it Ukraine on the eve of the Orange Revolution: There is no single personality or gripping narrative, such as a telegenic Tymoshenko and a sinister poisoning, to rally around. What the Western media typically presents as the «only real and independent» opposition to Putin are mostly right-wing, pro-Western liberals (Nemtsov, Kasparov, Kasyanov, etc.) who are, electorally if not ideologically, basically equivalent to fringe groups like the Communist Party or the Black Panthers in the US. Regardless of their political stance, most Russians do not see them as patriotic or loyal, and are annoyed by and suspicious about the motives of foreign politicians who support them.

If you want proof, just go to [inosmi.ru](http://inosmi.ru), a popular website that translates articles from the foreign press into Russian. Do you envision it as a hotbed of pro-Western liberalism yearning to hear the latest word from the Holy Lands of Media Freedom? Nope. What your Inosmi reader sees is things like the police breaking up an Occupy Wall Street rally, followed by a McCain lecture blasting Russia for not allowing freedom of assembly. It is hard not to be cynical after that – and as a rule, cynics can't be bothered making revolutions.

No doubt the votes of many Muscovites, in a real way, were stolen on December 4, and people are understandably angry about that. In this sense, I identify with the protesters at Bolotnaya this Saturday. It is also true that the dominance of Russian politics by a single party will breed corruption, complacency, and instability in the long-term.

Nonetheless, most Russians strongly favour evolutionary reform over «a Russian putsch, bloody and merciless» (as described by a great Russian poet). Nor is a «colour revolution» desirable, considering their unimpressive legacies in Georgia, Ukraine, and Kyrgyzstan. That is why the real significance of these elections isn't so much the protests they have spurred, but the surprise emergence of Fair Russia as a major political force – a development that is tellingly celebrated by Surkov himself, on the basis that open systems are more stable than closed ones – and a «leftist revival» in general. They and the Communists will soon control a third of the Duma, opposing a reduced – if still formidable – United Russia. In later years this election may come to be seen as having laid the foundations for genuinely multi-party politics after the next legislative election in 2017.



## **Nils van der Vegte**

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## A Short Guide To Lazy Russia Journalism

This article was written especially for this book.

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So you're a Brit or an American who wants to become a Russia journalist? Once you get past the self-serving bluster, it's really a very safe, well-paid, and rewarding job – but only on condition that you follow a set of guidelines. Inspired by a post at the blog Kosmopolito on lazy EU journalism<sup>200</sup>, I decided to provide a similar service for work ethic-challenged Russia journalists. Enjoy!

1. Mastering and parroting a limited set of tropes is probably the most important part of your work as a journalist in Russia. Never forget to mention that Putin used to work for the KGB. Readers should always be reminded of this: The «former KGB spy», the «former KGB agent», etc. Other examples include (but are not limited to) «Putin destroyed democracy», «The Russian economy is dependent on oil», «There is no media freedom», «Russia is more corrupt than Zimbabwe», «Khodorkovsky is a political prisoner and Russia's next Sakharov», «Russia is really weak» (but also a dire threat!), «Russia is a Potemkin village» and «a dying bear» that is ruled by «a kleptocratic mafia.» You get the drift...

2. Not sure who is doing what? Not sure how Russia works? Just make a sentence with the word «Kremlin». Examples include «this will create problems for the Kremlin», «the Kremlin is insecure», «the Kremlin's support of anti-Western dictators», etc.

3. This «Kremlin» is always wrong, and its motives are always nefarious. If it requires many signatures to register a party – that is authoritarianism, meant to repress liberal voices. If it requires only a few signatures to register a party – that is also authoritarianism, a dastardly plot to drown out the «genuine opposition» amidst a flood of Kremlin-created fake opposition parties.

4. If visitors to your blog or website criticize you for your one-sided coverage, don't try to argue with them (or explain your reasoning). This will only hurt your professionalism. If one comes a-knocking, call him or her a «KGB agent», «FSB agent» (names of security services always work well), «fellow traveller»,

«Stalinist», «useful idiot», «Kremlin troll», «Kremlin bot», «Putin's pilot fish», or «Surkov propagandist». If they persist, start deleting their comments and banning them.

5. Your job as a journalist isn't to be objective. Instead, personal grievances against the Russian authorities should always be prioritized. Remember, Putin is the Stalin of our age. If the Russian police are trying to arrest someone because he violated the law, it is perfectly acceptable to try to physically prevent the police from arresting him. In no way will this impinge on your professionalism.

6. Hying anti-government demonstrations is of the utmost importance. A demonstration in downtown Moscow of 500 people at which your fellow journalists outnumber the protesters? ¡Viva la Revolución!

7. An important rule is that reporting on Russia means NOT researching important issues or looking past the rhetoric. To partially invert what C. P. Scott once said, «Comment is free, and facts aren't sacred.» If various anonymous «experts» say that corruption in Russia is worse than in Zimbabwe, but the Russians themselves only report paying bribes as frequently as Hungarians, it is clear which line you should copy and paste. «Russia is dying out» is another good trope to raise at any opportunity, even if (obviously Putin-controlled) statistics agencies are saying that the Russian population is now growing.

8. You must also learn to suppress any cognitive dissonance you might get from arguing that Russia is really weak and in a state of seemingly perpetual collapse («dying bear», «rusting tanks», «mafia state», etc), but at the same time a dire threat to Western security and civilization itself.

9. Every non-systemic opposition member is a potential ally. Don't cover any negative sides of these people, as this will only complicate things for your reader. Though it may be true that the leftwing activist Sergey Udaltsov is known for his Stalin admiration, that the anti-corruption blogger Navalny is prone to making racist remarks, that liberal journalist Latynina doesn't want poor people voting, and that Khodorkovsky is a mega-crook even according to the European Court of Human Rights, these are all unimportant details that detract from the overall goal of overthrowing the bloody regime and true democratization.

10. Speaking of democracy – as far as a democratic journalist like yourself is concerned, anybody who is against Putin is a democrat. No matter if the demos, the people, only favor him or her with single-digit approval ratings (and even regardless of his or her own views on democracy). To the contrary, any Russian who supports Putin is part of the «sovok» cattle herd, and his or her opinions are invalid due to their inherent stupidity or Kremlin brainwashing. Feel free to express these sentiments on Twitter, but do make an effort to cloak them in political correctness when writing at more august venues.

11. The systemic opposition – i.e., those who participate in the farce known as Russian elections – are really Kremlin stooges in disguise. Even though the Communists are by far the formal biggest opposition bloc, it is non-systemic activists and sundry «dissidents» who are the «genuine Russian opposition».

12. Everything in Russia involves around Putin. There is no one else in Russia, never was, and it is he who decides everything in the biggest country on this planet. Did it take an annoyingly long time for you to get your clothes back that one time you lost your dry cleaning ticket? Or maybe someone stole your purse in Moscow? All Putin's fault!

13. Don't bother learning Russian. It does not help to increase the quality of your articles. You can always rely on your fellow non-Russian journalists for juicy rumors about Putin's Swiss bank accounts and nubile mistresses. If anything, learning Russian will put your professionalism at risk by exposing you to the opinions of ordinary Russians, which may accidentally leak out in your articles.

14. If you do end up learning Russian, make sure to keep your circle of Russian acquaintances limited to other democratic journalists and leading members of the liberal opposition. Never mingle with non-opposition Russian journalists, i.e. propaganda mouthpieces of the regime.

15. Above all, you must cultivate a burning, righteous hatred for «the Kremlin's TV channel», RT, and anyone who works or even appears there. It is «low brow», «full of conspiracies», «slavishly pro-Putin», «anti-American», etc. Never directly compare it with Western media bias, because that is «moral relativism» and «whataboutism» (see below). It's one thing if Kremlin propagandists

broadcast in Russian, it's quite another when they directly compete for your Anglophone audience by covering irrelevant and anti-American stuff like Occupy protests, Wikileaks, or US indefinite detention laws. Attack them like your profession's reputation is on the line!

16. Whenever you study conflicts between Russia and other countries, always blame everything on Russia – regardless of objective facts, and especially when the conflict is with a staunch Western ally. So, even when Russia bans wine imports from a country one of whose own Ministers described said wine in scatological terms, it is «economic warfare». Ergo for cutting off gas supplies to a country that refuses to pay for them. Killing Russian soldiers is always commendable; any Russian retaliation is typically «imperialist», «nationalist», «neo-Soviet revanchist», and various combinations thereof. Never forget that Putin hates the West and dreams of building a fascist neo-Tsarist empire. Any expression of Russian goodwill is a dastardly plot to dupe or divide the West, which is tragically all too trusting. Any expression of Western goodwill towards Russia is «appeasement», and is to be condemned in no uncertain terms. Never forget Munich! Those who forget the past are doomed to repeat it!!!

17. Guessing is fun! In the event you find guessing a bit too taxing on your imagination, just interview some marginal, highly unpopular Russian politician. Boris Nemtsov, Vladimir Ryzhkov, and Gorbachev are usually good bets. Their guesses are usually a lot more creative than what you could have come up with yourself.

18. Never try to place Russia's problems in a broader perspective. Don't mention that population decline is far steeper in the Baltics, that more Americans were arrested in Occupy events than Russians protesting against Putin, or that more Britons say they want to emigrate than Russians. This is called «Soviet-style whataboutism», and only «Kremlin trolls» engage in it. Leave logic and statistics to those losers; your weapons of choice as a democratic journalist are rhetoric, personal attacks and insinuations.

19. Always remind readers that Putin kills critical reporters – brave journalists kind of like yourself, in fact! – and prove it by quoting one he has not, or by including in your examples murdered journalists who were supporters of Putin.

Under no circumstance should you mention that the rate of journalist murders was much higher under Yeltsin, or that it is lower in Russia today than in «democratic» Mexico and Brazil, or that unlike Russia, Israel currently imprisons several journalists.

20. Stalin. Always remind readers that Russians like Stalin very much. Putin, even more so. Their names both have two syllables and share the last two letters, what more evidence do you need? Every time Stalin appears on a bus or in a school notebook, or is described as an «effective manager» in one of dozens of textbooks, it must be on orders from Putin himself. Do not mention any instances of historic revisionism involving glorification of SS and nationalist war criminals in the Baltics and Ukraine.

Good luck on your new career as a Russia journalist!

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## **Aleksandr Grishin**

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## **The Russian Opposition Will Enjoy a New Shower of Gold from Abroad**

This article was written especially for this book.

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Schemes for financing human rights activists in Russia read just like spy fiction [discussion].

### **Large sums for petty expenses**

The Russian opposition got some good news from Washington, D.C. at the end of last week. The Obama Administration intends to ask Congress to appropriate another \$50 million to support democracy-building organizations in Russia.

«Even as we've pursued this better relationship with Russia and concrete agreements with Russia we've been very clear about the importance of democracy, human rights, and civil society in our foreign policy. We've done quite a lot in that regard. Since 2009 we've spent more than \$200 million seeking to promote democracy, human rights and civil society on the recent elections,» remarked Philip H. Gordon, Assistant Secretary of State, Bureau of European and Eurasian Affairs, at a panel discussion held at the Bipartisan Policy Center, confirming that the new \$50 million would be spent for the same goals, but through a new fund. The establishment of this fund was announced by the new U.S. ambassador to Russia, Michael A. McFaul, on March 12 in a speech to the Peterson Institute for International Economics in Washington, D.C.<sup>201</sup>

That is, the previous efforts and money were clearly not enough. It is not that the scheme for «spreading democracy» contrived by Americans, which has proven successful worldwide—from Latin America to the Middle East and Africa—and was tested at the end of the last century in Europe and the U.S.S.R., fails completely in today's Russia; rather, it is failing to gain traction. Not only money has been spent to create this network resembling a spider's web, but also time.

Simple math shows that the United States spends approximately \$70 million a year to support the Russian opposition through various intermediary foundations (a total of over \$200 million from 2009 to 2011). If anybody believes that the

United States is refusing to work through intermediaries, I must bitterly disappoint such naïve people. On March 14, Thomas O. Melia, Deputy Assistant Secretary of State, in a statement before the U.S. Senate Foreign Relations Committee, explained it specially for the obtuse, «The fund would provide new and long-term support to Russian non-governmental organizations committed to a more pluralistic and open society.»

Since 1992, by its own admission, the U.S. Agency for International Development (USAID) has devoted \$2.6 billion to programs in Russia (by May 2009). Add to that another over \$200 million, and you get about \$3 billion. This is the so-called «white money,» for which Congress holds them accountable on a regular basis.

### **Cross-pollination**

In 2004, a researcher of relations between Russian human rights activities and their foreign sponsors, Oleg Popov, counted all the foundations financing, for example, the Moscow Helsinki Group (MHG). A list of organizations turned out to be very remarkable:

- Liberty Road (governmental, the Embassy of Switzerland in Russia)
- Department for International Development (governmental, UK)
- European Commission (governmental, EU)
- Ford Foundation (private, United States)
- Ford Foundation (private, United States)
- MATRA (governmental, the Embassy of the Netherlands in Russia)
- National Endowment for Democracy (NED) (governmental, United States)
- Open Society Institute (private, G. Soros, United States)
- UK Foreign Ministry (governmental, UK)
- U.S. Agency for International Development (USAID) (governmental, United States).

One of the largest private foundations to finance Russian democracy, the Ford Foundation spent over \$5 million on Russian human rights activists in 2001. In addition to MHG, it has financed the Helsinki Foundation for Human Rights

(HFHR), the Perm Civic Center, the Internal League for Human Rights, the Non-Governmental Committee on Human Rights, and so on. Money for Russian NGO's seems to come from various countries and various sources. It is not rare that it comes from other Russian organizations. But these organizations, interestingly, are also funded by foreign organizations.

Nevertheless, all this multiplicity of sources comes down to a very interesting scheme in the shape of a pyramid, with some very peculiar organizations on the very top of it.

Thus, our pyramid is crowned by the U.S. Agency for International Development (USAID) established by President John F. Kennedy in November 1961 to provide non-military assistance to foreign countries. In Russia, USAID partners include the Moscow Helsinki Group, the Yegor Gaidar Institute for Economic Policy (formerly, the Institute for the Transition Economy), the GOLOS Association, the Memorial Society, and so on. The administrator and the deputy administrator of USAID are both appointed by the President and confirmed by the Senate and work jointly with the Secretary of State. The current administrator of USAID is Raj Shah, and his deputy is Donald Steinberg, who served as director of the National Security Council for African Affairs and developed a new «large» Post-Cold War U.S. foreign policy strategy after the Cold War in 1993. It should be pointed out that it is not at all rare that an individual coming from the intelligence services works for American organizations helping democracies. But more details about that later.

Congress earmarks funds for USAID. The USAID annual budget forms approximately 1% of the U.S. Federal Budget. USAID not only provides direct financing to Russian human rights activists in the form of grants, but also works through a whole network of intermediaries. The most important of these is the favorite of Russian human rights activists, the National Endowment for Democracy (NED). This foundation is chock-full of former and active-duty intelligence officers. The foundation's policy is determined by prominent experts in democracy, the most notable of whom are Wesley K. Clark, former NATO commander, Frank C. Carlucci, former Secretary of Defense, and Lee H. Hamilton, member of the U.S. Homeland Security Advisory Council. NED, like USAID, plays two roles at once – as a grantor and as a

financier for the next level of intermediary organizations. Among these is the above-mentioned Bipartisan Policy Center, at which Philip H. Gordon, Assistant Secretary of State, announced the appropriation of another \$50 million.

There are a lot of such organizations, but the lion's share of funding is intended for four recipients. And what remarkable personalities are in charge of at least two of them! Here is a list:

- American Center for International Labor Solidarity (ACILS).
- Center for International Private Enterprise (CIPE).
- International Republican Institute (IRI).
- National Democratic Institute (NDI).

It is noteworthy that IRI is headed such a remarkable personality as Senator John McCain. Yes, the very same John McCain who is, just like Zbigniew Brzezinski, known for his zoological Russophobia and who has mastered Twitter to send his vicious tweets to «Dear Vlad» (V. Putin) on a regular basis. During the Cold War, it was IRI that was used to finance many *coups d'état* in Latin America. The institute has not stayed aloof from the Arab Spring.

NDI is headed by the former Secretary of State Madeleine Albright. When she was U.S. ambassador to the United Nations in 1996, this advocate of democracy became famous for her reply to a question asked by a journalist about the consequences of American sanctions against Iraq. «We have heard that half a million children have died. I mean, that's more children than died in Hiroshima. And, you know, is the price worth it?» Albright replied, «I think this is a very hard choice, but the price – we think the price is worth it.»

It would be childishly naïve to think that NED's connections are limited to American organizations. The National Endowment for Democracy also has partners overseas. They may not be directly dependent on NED, but they are actively used by Americans to transfer rather hefty sums of money to Russia. These intermediaries (and at the same time, grantors) include the International Center for Human Rights and Democratic Development (Canada), the Westminster Foundation for Democracy (UK), the Jean Jaures Foundation and the Robert Schuman Founda-

tion (France), the Swedish International Liberal Center (Sweden), and the Alfred Mozer Foundation (Netherlands). A whole constellation of such organizations are registered in Germany, such as the Friedrich Ebert Foundation, the Friedrich Naumann Foundation, the Hanns Seidel Foundation, and the Heinrich Böll Foundation. It is significant that almost all such organizations are based in NATO countries. As to Germany, it seems more or less logical: after World War II Americans felt less comfortable at home than in Germany for a long time. And the number of these foundations supporting human rights activists is ever increasing.

### **True democrats. Personalities nordic<sup>202</sup>...**

Who in America determines where and how to build a democracy in other countries? These are not just deserving, but «merely pleasant» and «pleasant in all respects» people, to paraphrase Gogol<sup>203</sup>. For example, such leading lights as John D. Negroponte, Otto Reich, and Elliot Abrams have been exposed at NED. We will talk about them in more detail.

We will start with the last-named one. Born to a Jewish family, after graduation from Harvard, Elliot Abrams had made a decent political career before he became entangled in the C.I.A.'s Iran-Contra affair. Just to remind you, that was a special operation (also referred to as *Irangate* in the United States) conducted by the C.I.A. in cooperation with Latin American drug cartels to use revenues from the sale of drugs to purchase and supply weapons to Iran, using the profits from these deals to provide financing and supplies, including weapons, to the Contras in Nicaragua. Abrams was even sentenced in the United States, but President George H. W. Bush pardoned him before leaving office and sent him to «protect democracy.» But that did not prevent him from becoming an advisor to Condoleezza Rice. Today, Abrams is a respectable «democratizer,» a member of the Council on Foreign Relations, a deputy to Stephen Hadley, head of the U.S. National Security Council for the Middle East, a member of the American Committee for Peace in Chechnya, and a member of the U.S. Center for Security Policy.

Another prominent member of NED, Otto Reich, became known to the general public as the «curator of the anti-Cuban mafia» that uses U.S. intelligence agencies to fight against Fidel Castro. He was involved as one of the major players in the Iran-Contra Affair.

It was Reich who was the author of initiatives to spread rumors about the alleged threat of the Nicaraguan Air Force bombing American cities. This is complete and utter nonsense, but the Americans bought this disinformation as easily as children.

These days, his skills at spreading disinformation and manipulating public opinion still come in handy for Reich. Reich was one of the three authors of one of the most flagrant provocations when, along with the well-known gentlemen Bolton and Wolfowitz, he made up and implemented a complete fabrication about Saddam Hussein having weapons of mass destruction, which served as an excuse for the United States to invade Iraq.

A spreader of democracy in other countries, Otto Reich, as according to the Washington Post (not known to be anti-American), set up a secret organization in the United States to intimidate and harass journalists.

Reich also had a hand in the adoption of the Patriot Act, whereby a Department of Homeland Security was established in the United States. It is the largest federal agency in the country's history, with 180,000 employees, 22 agencies, including the Customs Service, the Immigration Services, and the Coast Guard.

As part of this program to «protect American soil,» the position of the head of the U.S. National Intelligence was instituted, and another prominent «democratizer» affiliated with NED, John D. Negroponte, became its director.

Like Reich, Negroponte was involved in Irangate, but that scandal was a mere trifle for him compared to what was to come after. Negroponte's «what was to come after» would cause nightmares for an ordinary person. From 1981 to 1985, John Negroponte was the U.S. ambassador to Honduras. Along with the C.I.A., he organized death squads from among officers of the local secret police and C.I.A. agents. In Honduras, the name of this organization was Battalion 316. In 1982, Battalion 316 kidnapped 30 nuns who were members of a Salvadoran Catholic delegation. As became known later, they were all tortured, and then thrown out of helicopters alive. Negroponte organized death squads not only in Honduras, but also in El Salvador and Guatemala. According to a later count, these punishers kidnapped and killed over 75,000 people in Central America alone. It should come as no surprise that in 2004, in

Iraq, right after Negroponte's appointment as U.S. ambassador to that country, the same death squads were organized in the image and likeness of the Latin American ones. Apparently, Negroponte overdid it and was recalled to Washington, D.C. a year later, in 2005. In fact, he was promoted to director of U.S. National Intelligence.

### **Who is a spy? And Who is a democrat? How can I tell them apart?**

For Negroponte, practicing «democracy» is a family business. His wife, Diana Negroponte, is a member of the board of Freedom House, another organization engaged by the U.S. Government to fight for «democracy» worldwide.

It is a fashionable organization whose name can be translated into Russian as «дом свободы» [*Freedom House*]. It seems to be such a large house that everybody can find a place to stay in it. The inhabitants include Alberto J. Mora, former General Counsel of the Navy (current member of the board of Freedom House), and R. James Woolsey, Jr., former Director of the Central Intelligence Agency, who headed Freedom House until 2005 and along with Kenneth Lee Adelman, another current member of the board of Freedom House, unleashed, not without help from the C.I.A., the invasion of Iraq. Mr. Woolsey is also known for calling Russia a fascist country. The previous head of the worldwide freedom assessment company, Peter Ackerman, who, perhaps by a strange coincidence, set up his own International Center on Nonviolent Conflict in 2002, was involved in the revolutions in Georgia and Ukraine, and after his «resignation» from Freedom House, he held workshops in Cairo for the future «heroes of Egypt's revolution»...

As a matter of fact, the current Executive Director of Freedom House, Jennifer L. Windsor, a Princeton and Harvard graduate, earlier held a very responsible office. Where would you think? At the very same U.S. Agency for International Development (USAID). A leading expert of one of the centers of Freedom House, Fiona Hill, was transferred directly to head Russian Studies at the U.S. National Intelligence Council. Jeanne D. J. Kirkpatrick (died in 2006) was not only a member of the board of Freedom House and of the International Republican Institute, but also of the U.S. National Security Council and of the Foreign Intelligence Advisory Board.

There is no reason to keep on looking for something amazing here. Just consider that Freedom House receives funds from three key sources – USAID, NED, and the Department of State.

As tradition has it, on the part of the Department of State, NED is supervised by intelligence officers only. Under the George W. Bush Administration, Paula Dobryanski was in charge of general supervision, and Barry Lowenkron was an immediate staff military intelligence officer. Under the Obama Administration, Dobryanski was replaced by another pleasant lady, Maria Otero, who (say hello to Negrofonte!) was sent by the White House to Honduras in the mid-80's.

Well, quite astoundingly, the current President of NED, Carl Gershman, says openly that the foundation exists because it would be undesirable for «democratic institutions around the world» to receive funding directly from the C.I.A.

It is just some circular flow of «democratizers», spies, and bucks in Washington, D.C.! Considering that public figures from intelligence agencies usually cover up their lower-ranking colleagues from the same agencies, but operating undercover, it would be fair to assume that the number of «plain-clothes democrats» in all of these organizations is hardly limited to a hundred. And these people, as Vovochka<sup>203</sup> would say in an anecdote, prohibit us from picking our own noses and teach us democracy!

One can only guess as to why this fight for «democracy» in Russia has been unleashed and why Washington, D.C. intends to strengthen it. Moreover, it is not only about planting democracy in the American way, but also, at the same time, about stepping up efforts to engage with the traditional Russian social institutes. My dear fellows, this is not just a movement – it is a large-scale government strategic program that the United States has been implementing for several decades.

And the real, not publicly proclaimed goal of the American program has nothing to do with democracy at all. But this is our topic for next time.

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## **Craig James Willy**

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His latest work can be found at [www.craigwilly.info](http://www.craigwilly.info).

## Russia's inevitable European integration

This article was written especially for this book.

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«I can't picture the future of European culture in the broad sense of the word or the future of the European continent... I just don't see how people living in this cultural space will preserve themselves as a respectable hub of international policy and power without joining forces for the benefit of future generations.»

Then-Prime Minister Vladimir Putin spoke these words on 6 October 2011<sup>205</sup> in response to a question on whether Russia would be joining the European Union. He was equally categorical on both his country not joining the EU and on the need for greater integration with Europe. This paradox, to not say contradiction, is at the source of the fundamental uncertainty on Russia's «European destiny».

The question is in some respects a very old one regarding whether Russia is indeed a fully-fledged member of the European community of nations or if it is a country «of» but not «in» Europe. For Russia today, it is a long-term geopolitical question as to whether the country should remain an isolated great power, perhaps leading a bloc of some 200 million people, or whether it should join a pan-European entity which, though more unwieldy, could be a more credible power in the world.

Whether or not it actually joins European institutions, «Europe» and much of what it is associated have come to represent what Russia aspires to become in terms of a «modern, normal country» with its democracy, law and living standards. In his pre-election articles, Putin cites Europe numerous times as a benchmark and model in terms of democracy and anti-corruption<sup>206</sup>, living standards and equality<sup>207</sup>, and technological research<sup>208</sup> (but not, pointedly, race relations).<sup>209</sup>

For Western Europeans, the question of Russia's «Europeanness» was significantly reformulated twice in the last century: first with Russia's amputation from the capitalist world in 1917 and second with the rise and spread of the European integration project, with its implicit, long-term and partially successful objective «reuniting» Europe after the collapse of Fascist and Communist regimes.

In this vision, «Liberal Europe» today either sees Russia in itself as a vestigial threat to, or as the last frontier of, the final reunification of Europe. This places Russia before the great, quiet power of this Europe, partly institutionalized through the European Union.

Its power is almost entirely of the «soft» kind as theorized by Joseph Nye. This can be seen as the polar opposite of the Stalinist conception of power of the Soviet Union, based almost exclusively on hard military power and the periodic violent suppression of captive nations. Joseph Stalin might have noted scathingly that the European Union has no divisions. Yet today it has won over the bulk of his former empire in Europe and its power of attraction is increasingly felt in Russia's near-abroad. European Commission President José Manuel Barroso was not exaggerating when in 2007 described the EU with the somewhat awkward phrase «non-imperial empire»<sup>209</sup>

Russia and the EU are then coming from distinct and not easily reconcilable perspectives. The complementarity and interdependence of the two is such however that a significant degree of integration is like to occur in the coming decades, regardless of the problems it may pose for either side in terms of their sovereignty or of their other foreign policy objectives.

### **Russia-EU Trade: «Inevitable partners»**

At a November 2009 summit with EU leaders, then-President Dmitri Medvedev described the European Union and Russia as «inevitable and amicable partners». The meeting marked a formal reconciliation after the cooling of relations during Russia's war with Georgia over South Ossetia. European and Russian leaders may often disagree but they are condemned to cooperate with one another, above all because of the massive extent of EU-Russia trade<sup>211</sup>. While virtually half of Russia's external trade is with the EU, the latter depends on Russia for almost a third of its oil and gas imports.

This trade has grown consistently over the past decade. It has been driven by the recovery of Russia's oil production since the late 1990s<sup>212</sup>, overtaking Saudi Arabia as the world's largest oil producer in 2009 with 12.5% of global output. During the same period, the EU's reliance on Russian energy has also increased.

The proportion of EU imports of coal, petroleum, gas, electricity and related products coming from Russia increased from 21.7% in 1999 to 30.9% in 2010, as much as the next six biggest exporters to the EU put together<sup>213</sup>.

This dependence is mutual but asymmetrical<sup>214</sup>. While Russian oil makes up 31% of the EU's imports, Russia exports 80% of its oil to the EU. For gas the respective figures are 36% and 70%; for coal 30% and 50%. In 2011, 47.1% of Russia's external trade is with the EU. In contrast, rising China still represents only a 10% of Russia's external trade and a mere 5.3% of exports. Russia's share of the EU's external trade is 9.5%, third behind China and the United States, who are tied at around 13-14% each.

This interdependence also extends to significant European of foreign direct investment in Russia, which reached €120 billion in 2010<sup>215</sup>. The Russian and EU economies are then joined at the hip. As a result, Russia's growth has strongly depended on the health of the broader European economy. The country's severe 2009 recession, in which the economy shrank 7.8%, closely followed the broader European pattern after the 2007-8 financial crisis, with EU-Russia trade in both directions declining by over a third. Similarly, the World Bank has cited the ongoing eurozone crisis for their lowering of the country's growth projections<sup>215</sup> for 2012 to 3.5%.

Economic success, one of the fundamental underpinnings of Putin's power and legitimacy in the eyes of Russian citizens, is then critically dependent on developments in the EU. There has already been considerable success. The end of Communist-era isolation, the end of the crippling over-militarization of the economy, and the recovery from the chaos of the Yeltsin years have led to a substantial convergence of Russian and European standards of living. Russian per capita GDP, as measured by purchasing power parity, has almost quadrupled from \$5,500 in 1998 to \$19,800 in 2010. This represents an increase from a mere quarter to almost three-fifths of the French figure.

However, the Russian economy's prospects and stability depend on its modernization and diversification away from energy. The economy's trade patterns – export of raw materials to wealthier parts of the world, import of finished products – are still reminiscent of that of a developing country<sup>217</sup>. The Russian authorities then have a massive stake in guaranteeing their access to the European market

and in the success of the European economy. This reality is heightened by the fact that over 40% of Russia's foreign exchange reserves are held in euros and by the ambition (shared with the other BRICs) of ending U.S. dollar dominance in the world economy.

The eurozone crisis has turned on its head one of the traditional questions in relations between Russia and the rest of Europe. If four decades ago the Soviet dissident Andrei Amalrik could pen his brilliant essay, *Will the Soviet Union Survive Until 1984?*, Russians today could ask much the same of the European Union, an economically terrifying prospect.

If American leaders have been extremely circumspect in their efforts to help the eurozone, for fear of being accused of «bailing out Socialist Europe», Putin has not been shy about defending support for what he calls «our major foreign economic and trade partner». In particular, in one of his pre-election articles<sup>218</sup> he states that Russia «is actively participating in the international effort to support the ailing European economies» and that it «is not opposed in principle to direct financial assistance in some cases.»

In terms of concrete action, Russia lent €2.5 billion to euro member Cyprus<sup>219</sup> in October 2011 and suggested it could give \$10 billion to the International Monetary Fund<sup>220</sup> to support the eurozone. Russian leaders could potentially be persuaded to commit a great deal more were they convinced the economic costs to themselves of the EU's failure would be high enough.

### **European reunification: Absorbing the satellite nations**

If Russia has a massive stake in the European economy's success, «Europe» also poses a threat to a certain idea of Russian power. One of the great ambitions of the EU project has been «European reunification,» that is the integration the Soviet Union's former satellites into the liberal European community of nations.

The EU has a number of significant tools at its disposal to entice states to conform to its wishes and join the integration process, with all that it entails. The benefits of integration and eventual membership include: access to European investment and the Single Market (still the largest in the world), the right for citizens to migrate to and work in EU countries, and access to billions of euros in

EU agricultural and development funds.<sup>221</sup> These are decisive powers in a world where governments' success is increasingly measured by their ability to deliver high standards of living for their citizens.

The influence that the EU wields in this way can clash with Russia's own objectives in its near abroad. It is not a new problem. As former U.S. National Security Council official F. Stephen Larrabee presciently wrote in 1991<sup>222</sup>:

«Over the long term, European unification may lead to a weakening of Atlantism and United States influence in Western Europe, but it will also pose serious dilemmas for the USSR. For one thing, it will increase the attractiveness of the European Community to the countries of Eastern Europe, making any efforts by the Soviet Union to transform the Comecon, the Soviet-led economic bloc or keep it alive more difficult. For another, it will make the export of Soviet industrial products and other commercial transactions to Western Europe more difficult.»<sup>223</sup>

These problems, from Russia's point of view, have been born out. Numerous former satellites and Soviet republics are now wholly outside the Russian sphere of influence and are EU members. In some cases, such as that of Poland, the former captive nations have made European policy a cornerstone of their strategy for limiting Russian influence in countries such as Belarus, Ukraine and Georgia.

In recent years, the EU's power of attraction has waned along with the «European Dream» of peace, prosperity and democracy. The project's prestige has suffered very significant damage with the 2005 «no» referenda rejecting the proposed Constitutional Treaty and the ongoing fiasco of the eurozone crisis. In addition, many of the older member states are less keen on further enlargement for various motives, including fears of immigration, of the «spreading thin» of EU funds, and of the further dilution of their own influence in Brussels. As a result, the EU has no firm enlargement aims beyond the medium-term objective of completing the integration of the former Yugoslav republics.

Nevertheless, the EU's power remains and has a remarkably strong hold over neighboring countries' elites.<sup>224</sup> It has penetrated deep into the «Russosphere,» with «the European question» increasingly dominating politics in countries such

as Serbia, Ukraine and Moldova. These countries' leaders have sometimes gone so far as to make joining the Union the *nec plus ultra* of their foreign policies, even when the EU is not particularly popular with their peoples<sup>225</sup>.

### **Euro-Russian integration: Grand visions and real pitfalls**

This spread of the EU's influence clashes fundamentally with the Stalinist conception of Russian power, which is necessarily national and exclusive. Russia has clearly evolved enormously towards a more mixed liberal-realist concept of national interest. In particular, the Kremlin has been pushing hard for visa liberalization and for the creation for a free trade area with the EU which, if they could be mutually beneficial, would likely require some loss of sovereignty.

This highlights what is potentially a fundamental contradiction within Putinism: The idealization of national sovereignty and Russia as an independent power on the one hand, and the support for (and the apparent necessity of) integration with the wider European economy on the other.

There is no *a priori* logical end to the European project, either in terms of its internal organization, or of its geographical extent. In the medium-to-long run, it could go so far as to mean Russian membership of the EU, an outcome which, while apparently implausible, has been supported by major European politicians such as Silvio Berlusconi and Gerhard Schröder.

Russian leaders however have consistently rejected any suggestion of EU membership, often tetchily, even as they in the same breath assert the absolute necessity of more EU-Russia cooperation and even of ambitious, if vague, ideas of union. When asked in October 2011 about Russia joining the EU, Putin said<sup>226</sup>:

«Sort out your debt troubles before making such suggestions. I just don't get how Russia can join the EU. We believe we are in a position to defend ourselves. As for the EU, we will continue to expand our relations with the European Union. Either we join forces or gradually leave the international arena and make room for others. I am not sure whether it's good or bad, but things will definitely change. In order to preserve ourselves, we need to join forces. There's nothing wrong with that, either. So, we will go ahead and establish a free trade zone with the European Union during the initial phase, and keep on promoting

these integration processes. However, our primary goal is not to join alliances or achieve other political or administrative goals. Russia's main goal is to improve its citizens' standard of living».

This candid, somewhat contradictory response illustrates all the ambiguities of Moscow's European policy: its openness to integration, the latter's role as only a means to the end of growth, and, perhaps most strikingly, the uncertainty over the ultimate geopolitical direction of the country.

Putin first presented the EU-Russia free trade area idea<sup>227</sup> to German media in November 2010, which he said would form «a harmonious economic community stretching from Lisbon to Vladivostok». This grandiose vision, echoing Charles de Gaulle's famous Europe «from the Atlantic to the Urals,» has taken a backseat as Moscow has been busy with the more menial affair of (finally) concluding its decades-long negotiations to join the World Trade Organization. Russia became a member late last year meaning that the issue of an FTA with the EU can now be seriously broached.

Though Russian politicians have joined their EU counterparts in their tradition of uncritically calling for «more integration,» this does not mean this would mean a purely technical and politically neutral enterprise, automatically beneficial to all.

On the contrary, determining the precise rules and commitments what «integration» entails is intensely political. Will it simply mean Moscow adopting Brussels' preferences in terms of trade? This has effectively occurred in those countries that are semi-integrated with the EU, notably Norway, Switzerland and Turkey. In the case of Russia, there is also strongly asymmetrical trade dependence in the EU's favor, but Moscow's bargaining position is strengthened by the ability to exploit the deep and ever-present differences between EU governments and by the use of «chequebook diplomacy» in the euro crisis.

The deeper integration goes, the more these power dynamics will be in evidence. Last year, Russian and Ukrainian officials in Brussels reacted warmly to the idea of a full customs union with the EU<sup>228</sup>. There is a precedent for this with another major power on Europe's doorstep: Turkey. That country joined the EU in a customs union for industrial goods in 1996 and this has remained in force despite Prime Minister Recep Erdoğan newfound euroscepticism.

This, as detailed in one recent study<sup>229</sup>, has meant substantial and unilateral limitations of Turkey's sovereignty and of its ability to pursue independent policies. Turkey has had to apply a substantial portion of EU law, the *acquis*, in areas such as trade rules, competition (outlawing many monopolies and market-distorting subsidies), intellectual property rights and product standards. Much more problematic, because it intrudes on Ankara's ability to pursue an independent foreign policy, is that Turkey must apply the EU's common external tariff on industrial goods and it cannot negotiate independent free trade agreements with third countries.

All countries that are half-integrated in the EU face this difficult position of having to apply European policies which may not only be against their own preferences, but are also determined in negotiations in which they have no formal say.

### **Europe vs. Eurasia: Putin's strategy of «integration from strength»**

The Russian authorities, though this rarely appears in their official rhetoric, have long recognized the reality of the power politics behind European integration. The inequality of power between the EU and Russia and the need to, insofar as possible, maintain Russia's sovereignty, go some ways to explaining the proliferation of Russian regional integration initiatives over the past years. In addition to the Lisbon-to-Vladivostok idea, Russia has created a Customs Union with Belarus and Kazakhstan and pushed for the creation of a so-called «Eurasian Union» with these countries (tentatively planned for 2015), explicitly based on the European model.

In organizing the post-Soviet space, Moscow hopes to negotiate integration with the rest of Europe from a position of strength. Putin acknowledged this when in July 2011 he again called for a free trade agreement with the EU<sup>230</sup>, this time also including Belarus and Kazakhstan, arguing: «Uniting three countries, we become more attractive for any partner». These dynamics also help to explain Russia's desire to include Ukraine, a nation of 46 million, into these projects, as well as the hostility of EU officials, who have claimed the customs union and the Eurasian Union are designed to delay an eventual EU-Russia free trade area.

Moscow has been keen to stress that its Eurasian projects leave the door open to integration with the European Union. As the *Financial Times* reported in August 2011<sup>231</sup>: «The customs union has adopted chunks of the *acquis communautaire*, the EU's

body of law, says a senior Russian official. Copying an existing model saves work, but it could, in theory, one day ease the task of creating a free-trade zone with the EU.»

It is difficult to predict how successful these partly competing EU-Russia and Eurasian integration projects will be, if at all. The record of previous attempts – with the Russia-Belarus «Union State,» the Eurasian Economic Community (EurAsEc) and the granddaddy Commonwealth of Independent States' stillborn free trade area – is decidedly mixed.

### **«Spillover» integration: Once you start, you can't stop**

Putin has continued to make known his ambitious objectives for EU-Russia association. In one pre-election article<sup>232</sup>, he asserted that:

«Russia is an inalienable and organic part of Greater Europe and European civilization. That is why Russia proposes moving toward the creation of a common economic and human space from the Atlantic to the Pacific Ocean – a community referred by Russian experts to as «the Union of Europe».

The current level of cooperation between Russia and the European Union does not correspond to current global challenges, above all making our shared continent more competitive. I propose again that we work toward creating a harmonious community of economies from Lisbon to Vladivostok, which will, in the future, evolve into a free trade zone and even more advanced forms of economic integration.»

Russia's attempts at closer ties in Europe – free trade, visa liberalization, integration in general – would if pushed to their conclusion eventually mean effective inclusion in the Schengen Area and the Single Market. The latter forms, with the common currency, the very core of the European project and would involve Russian compliance with a very significant proportion of EU laws and regulations.

This will create tensions that, as in Jean Monnet's original strategy of piecemeal integration through self-perpetuating «spillover,» can only be resolved through further integration. Most important will be Russia's being in the same unenviable position as Turkey, Norway and Switzerland, in which they have to passively accept decisions made in Brussels. This situation creates powerful incentives for elites to push for full representation through membership.

For example, in January 2012 a special committee tasked by the Norwegian government to examine EU-Norway relations published a 911-page report entitled *Inside and Outside*. On the one hand, the study claimed that Norway had applied three-quarters of EU laws, affecting «most areas of society» including the economy, the labor market, environmental policy and more. On the other, it drily noted that «Norway is neither a member of the EU nor involved in the decision-making processes to any significant extent.»<sup>233</sup> This is an unusual position for a self-styled democracy, to say the least.

There are similar problems in EU-Switzerland relations, which are governed by a byzantine morass of some 120 agreements. This has led to tensions between the two and to periodic calls for simplification by European and Swiss leaders.<sup>234</sup> Relations with the EU are also, as we have seen, problematic for Turkey, made all the more vexing because of its dubious prospects for EU membership.

Russia's European integration will face similar tensions as it progresses. However, unlike the previously naïvely europhile Turkey and unlike little Norway and Switzerland, Moscow will almost certainly not tolerate anywhere near the same degree of daily diktats from Brussels.

This integration is likely to be continuously negotiated, with a constant shifting of power and priorities, depending on how cohesive Russia and the EU can make their respective blocs. An important question will be the extent to which this relationship will be dominated by *ad hoc* agreements or, on the contrary, some kind of deeper, institutionalized Russian participation in the EU, with a formal say in negotiations. Today, the former appears much more likely.

### **Russia's place beyond the morbid «European interregnum»**

There has been very little mention of individual European nations and their foreign policies. This is partly due to the fact that the divisions between EU countries are such that they cannot be said to have anything resembling a coherent «Russia policy». It is also because, to some extent, the day-to-day pontifications of politicians and meetings of diplomats are very much secondary to the economic and bureaucratic forces that are pushing Russia and the European Union

together. But while medium-term trends can be clearly identified, there is a fundamental unpredictability of the European situation.

The European project itself is in flux like never before. In the past, the degree and breadth of integration moved at the exactly the pace desired by its slowest member. Each step of the way, from the Coal and Steel Community through the Single Market to the common currency, integration progressed not out of necessity, but choice. The project was at the mercy of national vetoes, with those of de Gaulle and Margaret Thatcher stalling progress for years, and some projects simply dying, as did the stillborn European Defense Community. Today in contrast, new EU laws and powers are being created at breakneck pace due to the constant, intense and potentially world economy-threatening pressures of the eurozone crisis. Its outcome is difficult to predict. A partial or complete breakup of the common currency cannot be excluded.

In addition, the fiction of a «multi-speed Europe» is rapidly disappearing in favor of a genuine multi-tier Europe. Not all EU members are equal or are fully integrated into European policies and funding, as the new central and eastern European members know well.

The United Kingdom has been able to negotiate its way permanently out of Schengen and the euro, and secessionist pressures remain. This strategy is beginning to reach its limits, with intense frustration over British opposition to the Fiscal Pact (or «austerity treaty») and a push by the other five big EU countries to implement European military cooperation without the UK<sup>235</sup>.

Now, the 17 members of the eurozone itself are finding that there cannot be a common currency without a central authority very much like a State; and this quasi-State is currently being born, however inelegantly and painfully. Rarely has the old Gramscian phrase rung as true as it does today with respect to the European Union: «The crisis consists precisely in the fact that the old is dying and the new cannot be born; in this interregnum a great variety of morbid symptoms appear.»

As such, there is no telling what European institutions there will be in 10 or 20 years' time. There may be completely forms of association, like those of Turkey today or of a half-seceded United Kingdom, which would be suitable

for Russia. The idea of EU membership for Russia may seem like science fiction today but stranger things have occurred. How seriously would an observer be taken if, in 1984, he had predicted that within two decades the Baltic soviet republics would be members of the European community and NATO, the Deutsche Mark would be abolished along with 16 other European currencies, and Brazil, Russia, India and China would become essential pillars of the capitalist world economy?

Of course there are serious obstacles to EU-Russia association. Europeans' enthusiasm for the United States' agenda for the Middle East is one. Russia's real and imagined human rights problems are another. None of these are permanent however and can shrink into insignificance over a decade or two. Russian and EU leaders are then being pushed towards some degree of cooperation by inertial forces, but they are also free in a context of great international uncertainty, to pursue or not the huge complementarity and potential of their relationship.

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- 1 <http://www.truthandbeauty.ru/wp-content/uploads/2011/10/The-Missing-Chapter.pdf>
- 2 Simply ignoring all inconvenient evidence – e.g. the overwhelming success of first the «Asian Dragons», then of China, employing political models that were anything but liberal democratic.
- 3 Future financial historians will note this as the sole instance in recorded history where billions, perhaps tens of billions, of investment capital flowed into a market via a single downtown brothel...
- 4 This has a parallel today. Since 2000, at least once a week we have encountered warnings by Russia's army of political pundits that everything is just about to fall apart: The People are ready to rise up and overthrow the Putin/Medvedev government, the regions will declare independence, the army is restive, a black crow was spotted feeding a newborn babe – the naïve reader should bear in mind that the implosion of Russia has been predicted nearly as often as Christ's Second Coming or the return of the Hidden Imam – both of whom remain conspicuous for his absence.
- 5 See Richard Sakwa, *the Quality of Freedom*.
- 6 It could be an interesting intellectual exercise to speculate upon how the Russian investment story, and more generally, her relations with the West, would have evolved had not Mikhail Khodorkovsky, like the Archangel Lucifer before him, rebelled, seeking to supplant the only force standing above him...but history is not a series of «what ifs»
- 7 the constantly repeated assertion that only Kremlin-friendly oligarchs could survive, is of course nonsense – multibillionaires Misha Friedman and Alexander Lebedev have repeatedly proved thorns in the government's side; the former forcing the resignation of Leonid Reiman and defeating Sechin's BP-Rosneft merger, the latter biting critical of Putin in the media. What is true is that no oligarch since Khodorkovsky has attempted a wholesale recapture of the political process.
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- 13 A Google search will turn up lots of this and Mitt Romney said it most recently. This particular headline is from Con Coughlin, *The Telegraph*, 5 September 2008, (<http://www.telegraph.co.uk/comment/columnists/concoughlin/3561923/Putin-wants-a-new-Russian-empire.html>).
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- 15 President Putin, Address to the Federal Assembly, 25 April 2005. Official Russian version here [http://archive.kremlin.ru/appears/2005/04/25/1223\\_type63372type63374type82634\\_87049.shtml](http://archive.kremlin.ru/appears/2005/04/25/1223_type63372type63374type82634_87049.shtml) and official English translation here [http://archive.kremlin.ru/eng/speeches/2005/04/25/2031\\_type70029type82912\\_87086.shtml](http://archive.kremlin.ru/eng/speeches/2005/04/25/2031_type70029type82912_87086.shtml). This misquotation is a frequent end-of-argument prop of the anti-Russia fellowship and it is telling that Romney quoted it: «Vladimir Putin has called the breakup of the Soviet empire the great tragedy of the 20th Century. Will he try to reverse that tragedy and bludgeon the countries of the former Soviet Union into submission, and intimidate Europe with the levers of its energy resources?» (Mitt, Romney, Remarks on US Foreign Policy, The Citadel, 7 October 2011 (<http://www.mittromney.com/blogs/mitts-view/2011/10/mitt-romney-delivers-remarks-us-foreign-policy>).
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- 202 This is a reference to «A true Aryan. Personality nordic, steadfast» describing a typical Gestapo officer, a line from *Seventeen Moments of Spring*, a famous Soviet-time TV series directed by Tatyana Lioznova and based on the novel of the same title by Yulian Semyonov.
- 203 This is a reference to «the lady pleasant in all respects» and «the merely pleasant lady», a well-known line from Chapter IX of *Dead Souls* by Nikolai Gogol.
- 204 A popular anecdote character.
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- 209 As one scholar points out, «Russian discourse on Europe desperately sought to align the Russian identity with Europe by fragmenting the very figure of Europe into a multiplicity of opposed strands (monarchical, liberal, revolutionary, socialist Europe, etc.)». Sergei Prozorov, *Understanding Conflict between Russia and the EU: The Limits of Integration* (2006), p. 10.
- 210 European Empire: <http://www.youtube.com/watch?v=-l8M1T-GgRU>
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