

**WASHINGTON, D.C. January 30, 2009**

**TO: NCSJ Leadership and Interested Parties**

**FROM: Richard Stone, NCSJ Chairman;  
Alexander Smukler, NCSJ President;  
Mark B. Levin, NCSJ Executive Director**



In Brief: U.S and Russian Presidents Speak: Major Putin Address

Dear Friend,

The global economic crisis continues to be the prime topic of concern in Washington and around the world, including in the former Soviet Union. Russian Prime Minister Vladimir Putin gave a major address at the World Economic Forum in Davos outlining his government's plans to address the worsening situation in Russia and calling for a new economic order. The Russian government has continued to pump money from their reserve funds into the economy, and continues to devalue the ruble. Unfortunately, as many with other countries, these steps have not succeeded.

As a result of diminishing funds from both international and indigenous sources, FSU Jewish communities are scrambling to limit further reductions in social services. We have included a story about Rabbi Yechiel Eckstein, a new FSU benefactor. His group, The International Fellowship of Christians and Jews, has committed \$7.1 million for this year for social services, most of which will go to these beleaguered communities.

There are a number of stories about improving U.S.-Russia relations in this week's update. Interestingly, many of the recommendations are similar to the ones proposed by NCSJ in a [position paper](#) we shared with the new Administration and included in last week's update. Along these lines, President Obama spoke with Russian President Medvedev earlier this week, and their conversation was characterized as friendly and forthright. The two presidents are expected to meet for the first time in April at the G-20 meeting in London. NCSJ has recommended an early visit to the region by President Obama.

The Commission on Security and Cooperation in Europe (U.S. Helsinki Commission) announced new leadership positions. Sen. Ben Cardin (D-MD) is the new Chairman and Rep. Alcee Hastings (D-FL) is the new Co-Chairman. This is actually a reversal of roles for Sen. Cardin and Rep. Hastings from the last Congress. NCSJ looks forward to continuing to work with both the Chairman and Co-Chairman. and the Commission staff.

This week there were Holocaust remembrance programs in many countries. The update has several stories, including reports on events at the United Nations and in Ukraine.

If you have questions/comments about the update, please send them via email to [ncsj@ncsj.org](mailto:ncsj@ncsj.org).

Sincerely,

A handwritten signature in black ink that reads "Mark B. Levin". The signature is written in a cursive, flowing style.

Mark B. Levin  
Executive Director



Advocates on behalf of Jews in Russia,  
Ukraine, the Baltic States & Eurasia

NCSJ WEEKLY NEWS BRIEF  
Washington, D.C. January 30, 2009

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## **#1a**

### **New Ukraine Secret Service database eases info search JTA, January 25, 2009**

The Ukrainian Secret Service opened a database to simplify access to materials stored in its archives.

The Ukrainian Secret Service Information Center, which includes a digital archives center, was launched last week in Odessa.

Odessa Jewish community leaders told JTA they appreciate the opening of the center, which gives them access to archival documents that shed light on the operations of the KGB and liberation movements in Ukraine, Zionist and Hehalutz organization activities in the 1920s and 1930s, dissident movements, and materials concerning the Holocaust and Jewish underground activities in the Soviet Union.

"The Odessa Jewish community appreciates free access to important archive materials concerning Jewish activities in the former USSR and believes that declassification and conversion of archive materials into digital form will help to clarify many pages of Jewish history and to strengthen Jewish identification," Berl Kapulkin, an Odessa Jewish community official, told JTA.

Digital archives centers have opened in Kiev, Kharkov and Odessa.

The working group's head, Dr. Volodymyr Vyatrovych, an adviser to the chairman of the Ukrainian Secret Service, said an array of materials covering the Holocaust in Ukraine will soon be made available at the center. Vyatrovych has proposed that the Odessa Jewish community use such materials for a future Holocaust museum.

Documents at the digital archives center have been arranged according to topics. They include Holocaust; Holodomor, or Great Famine; Repression in Ukraine; and Movement of Dissidents. The archives also provide access to a large number of photos, scientific journals and books, and the digital versions of exhibitions and presentations.

## **#1b**

### **Moscow police head does not rule out protests because of crisis Interfax, January 23, 2009**

The possibility that a worsening of Russia's economic situation could cause protests in some cities across the country, including Moscow, cannot be ruled out Moscow police chief Col. Gen. Vladimir Pronin said.

"It is true that we expect an increase in the number of public protests due to a possible deterioration of the economic crisis," Pronin said at a session of the Moscow Police Public Council on Friday.

Riots in the Baltic nations, Iceland and Greece recently shown on television, during which "police proved totally helpless, make us believe that something similar could happen in our country," the police head said.

"Police officers have recently confiscated an instruction circulated by (Eduard) Limonov's party members (of the banned National Bolshevik Party movement), in which they call for a switch to offensive tactics and broadly involving universities and football fans in protest demonstrations," Pronin said.

"As the crisis gains momentum and unemployment grows, which means that people could lose their jobs and will not receive salaries, although the government's social benefits frequently do not exist, such demonstrations involving extremist provocative actions by ultra-right groups are quite possible," he said.

"Police are prepared to stop far-right groups from taking any extremist measures," he added.

## #1c

### **Cardin, Hastings switch Helsinki roles JTA, January 23, 2009**

The chairman and co-chairman of the U.S. Helsinki Commission switched roles.

U.S. Sen. Ben Cardin (D-Md.), who is Jewish, on Thursday assumed chairmanship for the duration of the 111th Congress of the U.S. member of an international alliance of parliamentary bodies that monitor human rights.

U.S. Rep. Alcee Hastings (D-Fla.) relinquished the chairmanship and assumed Cardin's prior role as co-chairman.

The U.S. commission has taken a lead role in monitoring the status of Jews and other minorities in eastern Europe and the former Soviet Union.

Cardin Appointed Chairman of U.S. Helsinki Commission for 111th Congress  
Helsinki Commission News, January 23, 2008

U.S. Senator Benjamin L. Cardin (D-MD) today expressed his appreciation to Majority Leader Harry Reid after his appointment as Chairman of the Commission on Security and Cooperation in Europe (U.S. Helsinki Commission) for the two-year period of the 111th Congress. Chairman Cardin, also a member of the Senate Foreign Relations Committee, issued the following statement:

"For more than three decades, the U.S. Helsinki Commission has played an important role in furthering America's foreign policy objectives. I am honored to take the reigns as chairman at such a critical time in our nation's history," said Chairman Cardin.

"This week our nation has begun to write a new chapter in history. President Obama understands the urgent need to rejuvenate U.S. diplomacy to better advance America's priorities and rebuild our nation's position as an active and responsible member of the global community. I look forward to working with Secretary of State Hillary Clinton as she leads the effort to restore our nation's credibility in the area of human rights, as we strive to define a 21st century relationship with Russia, and in so many other areas that will help make our nation and our world more secure. As Chairman of the U.S. Helsinki Commission, I also intend to focus a brighter spotlight on the plight of refugees and the need for transparency in resource extraction and commerce.

The outgoing Chairman of the Helsinki Commission, Congressman Alcee L. Hastings (FL-23), noted, "I want to congratulate Senator Cardin on assuming the Chairmanship of the Commission. I greatly appreciated his advice and candor during my tenure as Chairman. I look forward to playing an active role on the Commission as Co-Chairman and bringing greater attention to the many issues we face abroad."

Formally known as the Commission on Security and Cooperation in Europe, the U.S. Helsinki Commission, is a U.S. Government agency that monitors progress in the implementation of the provisions of the 1975 Helsinki Accords and works to address and assess democratic, economic, and human rights developments firsthand. The Commission consists of nine members from the United States Senate, nine from the House of Representatives, and one member each from the Departments of State, Defense and Commerce.

Chairman Cardin has had a long-standing career in foreign affairs and human rights. He currently is a member of the Senate Foreign Relations Committee and has served as a member of the U.S. Helsinki Commission since 1993, including Ranking Member from 2003-2006. In the 110th Congress, he was appointed as Co-Chairman of the Commission, and is currently Vice President of the Organization for Security and Cooperation in Europe (OSCE) Parliamentary Assembly.

Congressman Hastings will soon be appointed by Speaker of the House Nancy Pelosi as Co-Chairman of the Commission for 111th Congress.

**#1d**  
**Lauder re-elected to head WJC**  
**JTA, January 26, 2009**

Ronald Lauder was re-elected president of the World Jewish Congress.

The 13th Plenary Assembly on Monday in Jerusalem also confirmed Eduardo Elsztein of Argentina as the new chairman of the WJC Governing Board, succeeding Matthew Bronfman.

Speaking to the delegates, Lauder emphasized Diaspora Jewry's unwavering support for the State of Israel, especially in the face of threats by terrorist organizations. He criticized countries and international bodies such as the United Nations for applying "double standards" when it comes to Israel.

Israeli President Shimon Peres told delegates that Israel was right to defend itself against thousands of rockets launched by Hamas militants in the Gaza Strip.

"Instead of investing in the future, the Palestinian people, Hamas is buying arms to fight against Israel," Peres said.

Two candidates in the Feb. 10 race for prime minister -- Defense Minister Ehud Barak, the Labor Party leader, and Likud Party chairman Benjamin Netanyahu -- addressed the delegates. Diaspora Affairs Minister Isaac Herzog also spoke.

**#1e**  
**U.N. Ukrainian office marks Holocaust**  
**JTA, January 26, 2009**

The United Nations office in Ukraine hosted a public discussion on the Holocaust and Holocaust education.

Researchers and teachers, experts from nongovernmental organizations and government authorities, representatives of the international community and journalists met Monday in Kiev for a roundtable discussion aimed at encouraging open discussion on Holocaust education and remembrance in Ukraine. The program was held to mark international Holocaust Remembrance Day.

"Ukrainian Society and Holocaust Remembrance: Educational Aspect" also addressed the issue of how the Holocaust is taught in the state's schools and universities.

The discussion was initiated and organized by the United Nations in Ukraine in cooperation with the Ukrainian Center for Holocaust Studies.

Roundtable guests included Francis O'Donnell, U.N. resident coordinator in Ukraine; Zina Kalay-Kleitman, Israel's Ukraine ambassador; and Anatoly Podolsky, director of the Ukrainian Center for Holocaust Studies.

O'Donnell said the "Holocaust will always be a reminder for all people about threats that come as a result of hatred, racism and prejudice."

"Holocaust remembrance," Podolsky said, "should be a part of historical memory in Ukraine."

**#1f**  
**Russia: Abkhazia Base Planned**  
**AP, January 27, 2009**

Russian news agencies said Moscow could start building a naval base in Georgia's breakaway Abkhazia region this year. Basing warships there could deepen Western concerns about Moscow's growing military

presence in Abkhazia, which Russia recognized as independent after the war with Georgia in August. Itar-Tass quoted a naval official as saying that work would begin on the base this year. Interfax quoted Abkhazia's president as saying that an agreement on the plan had been reached in principle.

**#1g**  
**Ukrainian communities mark Shoah**  
**JTA, January 28, 2009**

Jewish communities in Ukraine lit candles and observed a moment of silence to honor the 6 million Jewish Holocaust victims.

Tuesday's moment of silence culminated a week of events to commemorate International Holocaust Remembrance Day and to remember the 1.5 million Jews killed in Ukraine, including meetings, roundtables, seminars and discussions, exhibitions and film screenings.

There was no official national ceremony, but the Jewish Forum of Ukraine, the All-Ukrainian Association of Jews -- made up of concentration camp and ghetto survivors -- and the Ukrainian Center for Holocaust Studies co-hosted a memorial meeting called "Six Million Hearts" in Kiev on Tuesday at the Academic Institution for Political and Ethnic Studies. At the same time, a group of Ukrainian youngsters gathered to mark the event at the Jewish Council of Ukraine.

Odessa, Dnepropetrovsk and Kharkov hosted commemorative meetings in remembrance of Holocaust.

The meetings, discussions and film screening in Dnepropetrovsk and Odessa were organized by Tkuma, Ukraine's central Holocaust foundation based in Dnepropetrovsk.

**#1h**  
**Anti-Semitic leaflets left at Ukraine synagogue**  
**JTA, January 29, 2009**

Leaflets threatening to murder Jews were scattered near a synagogue in the eastern Ukrainian city of Donetsk.

Eight leaflets scattered Jan. 24 warned Jews that they would "be held responsible" for killing Palestinian children in the Gaza Strip during Israel's recent military operation against Hamas.

Law enforcement agencies are investigating the case; no arrests have been reported.

"We are not sure who made it," Yuda Kelerman, a leader of the Donetsk Jewish community, told JTA. "Probably this is only the occasion for some anti-Semites. Meanwhile, we believe that local law enforcement agencies will investigate the case properly. The agencies usually help us."

**#2**  
**Georgians in support of Israel**  
**By Khatuna Mshvidobadze**  
**Jerusalem Post, January 20, 2009**

Two days before Christmas, Israeli flags fluttered against Tbilisi's gray sky. Some 150 Georgian students gathered to support Israel's antiterrorist battle in Gaza. One waved a sign that read "Israel has the right to defense." Like Israel, Georgia is an ancient but tiny country that must fight for freedom. Like Israelis, Georgians understand war and they know the global dimension of the threat to freedom.

Since our modern independence in 1991, Russia bullied Georgia with separatism, terrorism, subversion, provocation and economic embargoes. After NATO refused us a Membership Action Plan last April, the

Kremlin prepared for war - logistics prepared, forces marshalled and exercised, air targets listed, naval infantry provisioned. In August, they attacked.

The world initially stood with Georgia, but for many, opposing Russia for too long was inconvenient. Focus shifted from Russian tanks and burning apartments to the decisions our president made at the outset of the war.

"Georgia," wrote Barry Rubin of the GLORIA Center in Herzliya, "a country which knows what it is like to be attacked by a neighbor and then blamed for defending itself, understands the situation which Israel faces. The world turned away when Russia attacked Georgia and, for all practical purposes, annexed some of its territory."

WATCHING ENGLISH-LANGUAGE television coverage of the war in Gaza, one might think that it all began with Israel's air strikes on December 27. The students in Tbilisi's Freedom Square know better. "Stop terrorism," said one of their signs - precisely what Israel is doing.

Like Georgia, the modern State of Israel has never enjoyed a quiet existence. Iranian President Mahmoud Ahmadinejad routinely calls for its destruction. Syria, Iran's ally, sponsors Hizbullah terrorists who rain rockets on Israeli towns from southern Lebanon. This was the root of the 2006 incursion into Lebanon.

At the opposite end of a country less than one third Georgia's size, Jewish settlers and the army withdrew from the Gaza Strip in 2005. Hamas terrorists won an election there, violently expelled the Palestinian Authority and established a terrorist zone sandwiched between Israel and Egypt.

Imagine if the London or Madrid train bombers ruled in Kent or Guadalajara! Hamas promises to raze Israel to the ground. It has launched thousands of rockets at civilians. Last June, through Egyptian mediation, a six-month cease-fire was arranged. The situation reescalated, Hamas ended the truce and each day launched rockets. Palestinian leader Mahmoud Abbas implored, "We called the leaders of Hamas... Please, do not end the cease-fire." It was of no use. Israel was forced to stop the brutality directed against its people from the Gaza Strip.

THE GEORGIAN Foreign Ministry expressed "its concern over the escalation of tensions in the Gaza Strip and the deteriorating humanitarian situation, which has been triggered by rocket attacks launched by Hamas against innocent Israeli civilians."

"Hamas is not popular here," explains Alexander Rondeli, president of the Georgian Foundation for Strategic and International Studies, "because during the Georgian-Russian war, the Hamas leadership took very seriously the Russian side."

Recall that in 2006, then Russian president Vladimir Putin hosted Hamas leader Khaled Mashaal in Moscow. Russia is also stoking relations with Iran and Syria. Moscow shields Teheran from effective sanctions against its nuclear weapons program, and Russians will complete construction of the Bushehr nuclear power plant this year. The Russian navy drops anchor at the former Soviet base at Latakia, Syria.

Russian President Dmitry Medvedev hosted Bashar Assad in Sochi last summer, where the Syrian president applauded Russia's assault on Georgia.

Russian surface-to-air missiles are bound for Syria, Vedomost recently reported. And, though denied, press accounts of the sophisticated S-300 air defense system bound for Iran continually appear.

Israel has warned Russia that further weapons sales to Syria and Iran will upset the Middle East power balance, as weapons could fall into even more dangerous hands. Particular sales may be delayed or even derailed. But Moscow persists in backing Iran and Syria and, therefore, Hizbullah and Hamas.

Commercial interests, particularly oil and gas, partially explain why Moscow backs powers that are dangerous to the democratic world. But the greater explanation is that Russia supports these powers precisely because they are dangerous to the democratic world, a world the Kremlin wants to revise.

The battle in Gaza is between democracy and terrorism, and the consequences of defeat are far greater than the range of Hamas rockets.

### #3

#### **Putin Blames Bush for Ukraine Gas War, Is 'Optimistic' on Obama**

**By Ellen Pinchuk and Bradley Cook**

**Bloomberg, January 26, 2009**

Russian Prime Minister Vladimir Putin blamed George W. Bush for the dispute with Ukraine that left much of Europe without gas this month, saying the former U.S. president fostered political chaos in the region. Putin said he is "cautiously optimistic" about future relations with Barack Obama.

The Bush administration supported NATO membership applications from Ukraine and Georgia, which Russia opposes, and planned to site a missile defense system in Poland and the Czech Republic. The U.S. under Bush also signed a "strategic partnership" with Ukraine.

"What happened in recent years in Ukraine is the result, to a significant extent, of the activities of the previous U.S. administration and the European Union, which supported it," Putin, 56, said in an interview with Bloomberg Television yesterday. He said he was "cautiously optimistic" that relations with the U.S. will improve with Obama in the White House.

Ukrainian President Viktor Yushchenko and Prime Minister Yulia Timoshenko have feuded since they were swept to power four years ago in the so-called Orange Revolution, sparked by the victory of a pro-Russian candidate in a rigged presidential election. Bush said at the time the revolution was a "powerful example" of the movement toward freedom "for people all around the world."

Russia, which supplies about a fifth of Europe's gas through Ukrainian pipelines, and the EU "have become hostages of this domestic political situation," Putin said near Velikiy Novgorod, the ninth-century trading hub between Moscow and St. Petersburg. "It was that domestic political situation in Ukraine that left no chance for us to reach final agreements on the gas issue."

#### 'Certain Signals'

While U.S.-Russia ties reached a post-Cold War nadir in Bush's last months, Putin said there are "certain signals" that Obama is reassessing policies that Russia opposes, including the missile defense system and fast-track membership for Ukraine and Georgia in the North Atlantic Treaty Organization.

Bush won approval to site the planned missile shield in eastern Europe after Russia's five-day war with Georgia in August, saying it was intended to protect against attacks from Iran or North Korea. President Dmitry Medvedev, who succeeded Putin in May, said in November he would place short-range missiles and radio-jamming facilities near Poland to "neutralize" the system.

Obama has said he has "no commitment" to the shield and wants more analysis on whether it will actually work before deciding to proceed or abandon the project.

"In Mr. Obama's inner circle, they're saying there is no need to rush with it and it needs to be further analyzed, and we welcome such statements," Putin said.

International Security

Russia is also hearing “positive signals on NATO expansion,” Putin said. “They are saying that it is possible to provide security for Ukraine and Georgia in various ways and it is not essential to accept them into NATO now,” he said. “We welcome that and are ready to take part in any discussion on working out the best options to ensure international security.”

Western European countries led by Germany on Dec. 2 maintained a veto on membership roadmaps for both countries, defying Bush’s attempts to accelerate NATO entry.

Two weeks later, the Bush administration signed a “charter on strategic partnership” with Ukraine that pledged “to strengthen Ukraine’s candidacy for NATO membership” and concluded a similar agreement with Georgia on Jan. 9.

In the accord, which was signed as Ukraine was negotiating gas prices and transit fees with Russia, the U.S. also vowed “to work closely together on rehabilitating and modernizing the capacity of Ukraine’s gas transit infrastructure.”

‘Dancing’ to U.S. Tune

Talks between Ukraine and OAO Gazprom, Russia’s gas exporter, broke down at the end of December, prompting Russia to halt fuel supplies to and then through Ukraine, affecting supplies in more than 20 countries for almost two weeks. Gazprom said the U.S.- Ukraine accord on pipelines was “suspicious” and suggested Ukraine was “dancing to music” being played by the U.S.

Putin and Timoshenko, with EU mediation, signed a deal on Jan. 19 to resume gas flows. The 10-year contracts oblige Ukraine to pay more for Russian gas and for Gazprom to pay more to Ukraine in transit fees. Yushchenko, though, is unhappy with the deal and wants new talks “no later than in the summer,” said Oleksandr Shlapak, first deputy chief of Yushchenko’s staff, on Jan. 23.

“A new attempt to review these agreements at the presidential level is the best confirmation” that the political instability in Ukraine is a threat to Europe’s energy security, Putin said yesterday.

#### **#4**

#### **How to warm US-Russia relations**

**By Alexandra Vacroux**

**Christian Science Monitor January 26, 2009**

Russia is a difficult country to deal with, but deal with it America must.

The Obama administration has an opportunity to salvage the troubled relationship. But Washington's going to need a new approach. Drop the schoolmarmish lectures about democracy and forget about grand intellectual strategies: What's needed here is some principled pragmatism.

Rather than ignoring Russia until disputes get ugly, the United States could be looking for new pathways to engagement. Laid step by step through areas of common ground (take cooperation on global health, space, and renegotiated arms treaties for starters), these pathways could then give us more room to maneuver when we negotiate our real conflicts.

At the moment, the Russian bear is wounded. The crash in world commodity prices has created acute financial pressures for which the Kremlin had not prepared.

Russia then cut European natural gas supplies to bully Ukraine into paying higher prices, ostensibly demonstrating that it's still the biggest kid on the bloc. Bullies are usually insecure and Russia is no exception.

Worsening economic troubles are stoking fears that societal discontent is growing. Protests with the faintest whiff of political opposition have been shut down by riot police.

A pending law that broadens the definition of treason confirms Moscow's anxiety.

Injured animals are dangerous, and need to be approached carefully.

Russia will remain a strong country determined to protect its sovereignty and interests. It expects the US to do the same. Harping on Russia's lost superpower status and political instability while extolling the benefits of democracy will get us nowhere. It would be more productive to view Moscow as a partner with whom we share some areas of common ground. While not ignoring tricky topics such as NATO expansion, focusing on common interests whenever possible → because they are of genuine interest to both sides, not because we self-righteously believe Russia should follow our lead → would already change the tone of our relationship.

We may wince at Russia's bullying tones, but from Moscow's perspective, America's belief that it deserves to be the world's only superpower is offensive and arrogant. Humility would benefit both sides → and open the door for cooperation and problem-solving based on mutual respect. In this way, Russia is not so very different from other countries with which we have troubled relationships. Building a record of cooperation would make it that much easier to engage constructively when faced with the next crisis or conflict.

Such a record could include:

- Healthcare. Russia's population is both graying and shrinking → and it's vulnerable to potential epidemics such as multiple-drug-resistant tuberculosis and Avian flu. The US is well-equipped to help improve the capacity of Russia's healthcare system.
- Space. This is critical since the US will depend on Russian spacecraft to reach the International Space Station from 2010 to 2014, when the shuttles are decommissioned.
- Shared expertise on similar domestic challenges, such as migration. A deeper exchange of ideas and professional contacts would signal respect while yielding valuable insights.

Integrating European partners into areas of joint concern would also help. Knee-jerk anti-Americanism is running at an all-time high these days. Nongovernmental organizations are afraid that receiving American grants is akin to inviting the tax police in for an audit.

European countries, on the other hand, are not blamed by Putin for the global economic crisis, and are not seen as harboring hostile aspirations.

Involving other countries in programs we care about neutralizes the irritation and suspicion that Russians feel when Americans self-importantly march into Moscow, proclaiming they are ready to "teach" the Russians everything they need to know.

Leading by example will also help. Barack Obama's groundbreaking election has not been overlooked by Russians limited to artificial elections, rubber-stamp legislatures, and a compliant official media.

Soviet citizens once learned English with clandestine Beatles tapes and longed for Montana-brand jeans. Today, Russians absorb American (and global) culture through the Web, despite Moscow's attempts to control information.

In the end, countries cannot democratize others. The desire to have greater freedom of expression or association must come from within, and the institutions that develop to nurture and protect these desires must be home grown. The best we can do is to openly show what democracy looks like, warts and all.

Increasing opportunities for students and professionals to visit the US thus remains one of the best means of sharing and spreading our values. Cross-national networks of people and organizations have a strong incentive to resist the chills of isolationism or nationalism. These are the ties that have provided enduring warmth in even the grimmest of political seasons.

We need not endorse the semi-authoritarian regime to search for a common language and common ground.

We may hope for a different Russia in the future, but US policy must be predicated on improving relations now.

Alexandra Vacroux is a senior scholar at the Woodrow Wilson International Center for Scholars.

## **#5**

### **Russia calls for global financial watchdog**

**By Gleb Bryanski**

**Reuters, January 26, 2009**

The world needs a new financial watchdog to cope with the consequences of the global crisis, Russia's Finance Minister Alexei Kudrin wrote in an article published on Sunday ahead of the G20 financial sherpas meeting.

Russia, the world's second largest oil exporter and holder of the world's third-largest forex reserves, is spending its way out of its worst economic downturn in a decade with the economy expected to shrink 0.2 percent this year.

Despite the downturn, which Kudrin said will see the current account surplus slashed to zero in 2009 from \$99 billion in 2008, Russia is also seeking to increase its role in global financial affairs, where it feels sidelined by G7 nations.

"For now the (industrialized) countries unite around the Financial Stability Forum. However, it does not include emerging nations such as BRIC countries," Kudrin wrote in "Voprosy Ekonomiki" magazine, specialising in economic issues.

"Today there is a need for an international authority whose recommendations are mandatory."

At a meeting in Washington, the G20 agreed to add emerging market economies to the Financial Stability Forum, where top bank regulators evaluate banking and market risk.

They also agreed to study ways to give the emerging countries more seats at the IMF and World Bank. Unlike other BRIC (Brazil, Russia, India, China) countries, Russia also holds a seat in G8 but is excluded from financial decision-making.

Four working groups are expected to present interim reports on IMF and World Bank reform and financial regulation at next week's meeting, which will be attended by Deputy Finance Minister Dmitry Pankin. None of the groups is chaired by Russia.

## **INDISCRIMINATE STATE HELP**

At home, Kudrin, often criticised for lack of strategic vision, which would help Russia lessen its dependency on commodity exports, is struggling an uphill battle to minimise a budget deficit amid a large-scale government bailout.

"The deficit will not only arise in 2009 but will be significant," Kudrin wrote, without disclosing the figure. He added that Russia should strive to have a more "acceptable" deficit of 5 percent of GDP in 2010 and 3 percent in 2011.

Prime Minister Vladimir Putin ordered Kudrin to rewrite the budget based on the average price for oil at \$41 in 2009 by Jan. 26, although earlier remarks by Kudrin suggested he wanted to use a more conservative estimate.

Kudrin was in China when the government meeting backed the new oil price forecast and sources said the new budget will not be ready by the deadline Putin had set. In the article Kudrin argued that a soft fiscal policy in 2007-08 contributed to the crisis.

Kudrin wrote Russia should be careful cutting taxes, providing help to troubled enterprises and nationalising commercial banks. He estimated a total value of the anti-crisis measures at about \$61 billion to \$64 billion or 5.2 percent to 5.4 percent of GDP.

The number excluded \$50 billion allocated from gold and forex reserves for corporate foreign debt redemptions by the largest firms -- a measure dubbed an "oligarchs' rescue package" by analysts.

"Experience shows that an indiscriminate state help to enterprises and banks regardless of the state of their balance sheets does not speed up the exit from the crisis nor softens its consequences," Kudrin wrote.

Kudrin said the bailout costs should be shared between the state and troubled firms' owners and called for a long-term plan to hand over the leading role in the economy back to the private sector.

## **#6**

### **Rights groups concerned about respect for Russians' rights to hold rallies Interfax, January 23, 2009**

Russian human rights groups believe Russian citizens are often deprived of the possibility to freely express their opinion in public rallies.

"Our law on street rallies is quite democratic, but the gap between this law and its practical implementation has been increasing over the past few years," Lyudmila Alekseyeva, chairman of the Moscow Helsinki Group, said at a round-table discussion on human rights held in the Russian Justice Ministry on Friday.

Alekseyeva believes "the authorities have no right to ban demonstrations, pickets, and rallies, they can only offer a different location or time."

"But in reality, the authorities, especially in Moscow and St. Petersburg, have assumed the right to ban protest rallies without any coordination and change their location and time, making the rallies pointless," she said,

Justice Minister Alexander Konovalov said in response to Alekseyeva's criticism: "Street rallies are certainly an important component of a democratic society, but it doesn't mean that the authorities should not take measures to ensure public safety and the protection of citizens."

Among the negative examples public rallies, which led to riots, the minister mentioned the recent events in Latvia and the riots in Greece and France.

"We don't want to have the same riots happen. At the same time, we don't need things being dictated like it is done in China or Korea. I don't want to offend the governments of these countries. We have our own way, our historical traditions," said Konovalov.

Alekseyeva, in turn, criticized Russian television channels (mainly central), saying they are experiencing censorship.

"I cannot say that we have total censorship like it was under the Soviets, but at this stage of development, an especially important role in ensuring freedom of speech is played by central television channels, and they are experiencing tough censorship," she said.

Alekseyeva admitted that she is not aware of the mechanisms of this censorship, but said it is perfectly obvious that these channels are prohibited from criticizing the country's administration and United Russia. "Of course, we have the Internet, but only an advanced minority uses it in Russia," said Alekseyeva.

In response to that, the justice minister said: "No doubt, we have a certain slant in the direction of central television channels. No doubt, there is a need for dialogue between the authorities and society. It is not good that some segments of public information are closed. It's a different thing that this dialogue is not always cultured."

Speaking about the role of the Internet, the minister said he believes "radical viewpoints are present there." "On one hand, we are seeing panegyrics for the authorities and everything they do, and on the other hand we are seeing complete denial of the important and effectiveness of their actions. I don't think it's good for civil society," he said.

## **#7**

### **Ministry rejects human rights criticism of Russia in foreign NGOs' reports Interfax, January 26, 2009**

The Russian Foreign Ministry has described reports by international organizations which criticize the human rights situation in the Russian Federation as biased. At the same time Moscow is ready for a dialogue on human rights issues but without politicizing them. The Foreign Ministry, among other things, referred to the recent report by the international NGO Human Rights Watch.

"Unfortunately, one has to state that, as in previous years, this 'research' is at times unobjective and biased," a comment from the Russian Foreign Ministry's information and press department circulated on Monday [26 January] said.

The Russian ministry stressed that "some countries in which for many years ethnic minorities have been discriminated against, human rights are systematically violated, a policy of presenting nazis and their accomplices as heroes are not mentioned in the report at all".

"Whereas the section devoted to Russia uses a whole range of simple tricks - exaggeration, choice of facts to support conclusions that have been made in advance, arbitrary interpretation of facts, and some other tricks. The purpose of this is evident - to form in the reader and the public opinion a negative attitude towards the human rights situation in the Russian Federation," the Russian Foreign Ministry said.

The comment stressed that Russia had done a lot to ensure citizens' constitutional rights and freedoms, in particular, there had been fundamental changes in judicial practice, civil society institutions were being actively developing. "Today some 60 per cent of complaints against civil servants' actions and some 70 per cent of complaints against decisions of administrative bodies are upheld by courts. Over 217,000 public organizations are registered in Russia, 248 branches and representative offices of international and foreign NGOs operate in Russia, there are over 40,000 printed and electronic media," the comment said.

The Russian Foreign Ministry also commented on a similar report from the US NGO Freedom House.

"We are familiar with the contents of this document. Let it lie on its authors' conscience. All the more so since the sources of that organization's funding are no secret to anyone. As you know, 'he who pays the piper, calls the tune'. We do not consider it worth our while to pay attention to such made-to-order opuses as these," the Russian Foreign Ministry said.

At the same time the Russian Foreign Ministry admitted that Russia had certain problems in this [human rights] area. "Could you name a single country which does not have them? Russia is open for a constructive dialogue on any issue, including this one. At the same time we are convinced that the politization of human rights issues leads not to a solution to these problems but to the devaluation of the principles and values of cooperation in this area," the Russian Foreign Ministry said.

**#8**

**Ukraine-Russia gas deal could be overturned:official  
Reuters, January 26, 2009**

A top aide to Ukrainian President Viktor Yushchenko said on Monday that the deal struck last week to restore Russian gas flows to Europe could be declared invalid if shown to have been concluded under pressure.

The deal between the two ex-Soviet state's gas companies - Ukraine's Naftogaz and Russia's Gazprom - was clinched last week after two long negotiating sessions led by Prime Minister Yulia Tymoshenko and her Russian opposite number, Vladimir Putin.

It provided for Ukraine to pay market prices with a 20 percent discount for 2009 - \$360 in the first quarter against \$179.50 last year - and eliminated intermediaries in trading as long demanded by the Ukrainian prime minister.

Bohdan Sokolovsky, the president's energy aide, said the outcome differed greatly from Yushchenko's proposals and the deal's provisions were "done in haste with no analysis of the consequences".

In a statement on the presidential Website, he said: "The issue of using pressure must be investigated. The gas agreement between Naftogaz and Gazprom could be declared invalid if it were concluded under pressure."

Yushchenko and Tymoshenko, rivals despite their alliance during the 2004 "Orange Revolution" that brought pro-Western leaders to power, have adopted widely divergent positions on the agreement that ended a three-week cutoff of supplies.

Tymoshenko praised the deal, saying it offered Ukraine the best possible conditions, while the president said the price rise amounted to a "defeat".

The president's top economic aide last week called for talks by the summer to improve the deal's terms. Gazprom chief Alexei Miller rejected any notion of renegotiating the deal.

The president's Website also said Naftogaz chief Oleh Dubyna had been taken to hospital with heart trouble in the days following the signing of the agreement and was likely to undergo treatment for the next two to three weeks.

Sokolovsky said an initial analysis of the contract gave rise to the notion that "pressure had been applied to Dubyna on the night the contract was signed...and this could have had a negative impact on his health".

**#9**

**Experts: Diversity not valued in Ukraine  
By Yuliya Melnyk  
Kyiv Post, January 26, 2009**

While current Ukrainian political leaders are struggling to bring the country into NATO and the European Union, this goal may be jeopardized by lack of clear and well-planned policies regarding racial diversity and migration, which has been increasing in Ukraine.

Ukraine's own bureaucrats and law enforcement authorities fail "to protect basic human dignity from assault," according to the research done at Woodrow Wilson International Center for Scholars in Washington, D.C.

This reputation is obviously not helpful for Ukraine's attempts to integrate into international alliances.

"Establishing a New Right to the Ukrainian City," by Blair A. Ruble and a group of scholars at the Wilson Center and Kennan Institute in Washington D.C., has been released recently.

The research report focused on the life of migrants in the three major Ukrainian gateway cities of Kyiv, Kharkiv and Odesa.

In the last decade, thousands of people from the Caucasus, Afghanistan and Iraq fled to Ukraine from military conflicts in their home countries. In addition, a number of traders from Vietnam, China and Africa moved to Ukraine in search of a better life. Transitional migrants are present in neighborhoods of major Ukrainian cities, including Troeshchyna in Kyiv, Barabashova Market in Kharkiv, and Odesa's Seven Kilometer Market.

These areas have changed significantly because of the increased racial diversity. The Seven Kilometer Market is larger than the Mall of America in Minnesota, according to research, and the scale of changes is important for Ukraine.

How are these migrants entering into the mainstream of Ukrainian life? The experts organized focus groups in Kyiv, Kharkiv and Odesa to gain insight into the migrant communities.

In Kyiv, gang attacks by local "skinheads" on migrants of color are a major concern, certainly to the victims and others in their minority communities.

A series of violent murders triggered response from international organizations and embassies in Kyiv. For example, in June 2008, there were two killings a week apart, one of a Nigerian migrant and another of a Congolese laborer.

The official response did not give much hope to the migrants. Ukrainian Interior Minister Yuri Lutsenko, an ally of Orange Revolution hero President Victor Yushchenko, said last summer: "You may call me a racist, but I will not allow Kyiv to be turned into another Kharkiv or Odesa!"

The researchers found that Kyiv has become a more antagonistic environment for foreign migrants, "even in comparison with other large Ukrainian cities such as Kharkiv and Odesa."

The migrants told researchers last July that that they receive "constant attention" from police officers, "whom they characterized as only being interested in receiving bribes. They [the police] don't know the laws themselves. They don't know what documents a foreigner needs. If they see a foreigner with money in his pocket they only think about how to get that money," a participant of the discussion said.

In Kharkiv, foreign migrants are more integrated into local life than in the capital city. They often arrive to study and remain there after marrying Ukrainian women. However, "tensions are high between migrants and the police, who are viewed as parasites feeding off of the legal ambiguities of migrant life in Ukraine," the research says. A respondent, who used to live at the border between Pakistan and Afghanistan, said that "Skinheads" are more dangerous than the situation in his homeland, because at home he could go around with weapon and now he can't defend himself. Another respondent, originally from Pakistan, reported that he was refused treatment at health clinic in Kharkiv, because the doctor had fought in Afghanistan many years ago and "Pakistan hadn't fought on his side."

The Odesa focus group participants described a far more hospitable environment with a higher degree of good will than their peers in Kyiv and Kharkiv. The city, being a large sea port, has always been full of foreigners and foreign students. In general, the migrants, participating in research, "feel an attachment to Odesa that is absent in the conversations in Kyiv and Kharkiv."

Ukraine has become integrated into global society faster than was ever predicted.

Although this situation brings new challenges, the rich diversity of the Ukrainian migrant community can also be viewed as an opportunity to use the professionals who came from abroad in pursuit of affordable education and were taught at the local engineering and medical schools.

The country is obviously taking steps to build a democracy, one of which includes exercising the right to freedom of speech. However, "the visible willingness of national and local authorities to tolerate bureaucrats and police who are corrupt and senior officials who mock racism undermines whatever democratically-inspired institutional and constitutional arrangements are taking shape," according to Ruble's report.

## **#10**

### **Obama speaks with foreign leaders**

**Associated Press, January 26, 2009**

President Barack Obama emphasized a desire to build stronger working relationships with Russia, Germany, France and Brazil in telephone conversations Monday with his counterparts in those countries.

Obama and Russian President Dmitry Medvedev discussed "stopping the drift" in U.S.-Russia relations and building an agenda for their bilateral relationship, and agreed to meet to discuss shared challenges and opportunities, White House press secretary Robert Gibbs said in a statement.

Both countries, Obama said, have a role to play in leading the rest of the world in reducing nuclear stockpiles and preventing the spread of nuclear weapons.

The two also agreed that, as new leaders from a post-Cold War generation, they have an opportunity to establish a different kind of US-Russian relationship.

Relations between the two powers have been badly strained amid vocal criticism of U.S. foreign policy from the Kremlin, and Russia's war last August with the former Soviet satellite of Georgia brought ties to a post-Cold War low. Russia also has urged Obama to scrap U.S. efforts to expand NATO further eastward and put missile-defense facilities in central Europe.

In Moscow, Medvedev's office at the Kremlin said the two presidents discussed working to improve the strained relations. Medvedev also congratulated Obama on his inauguration last week, and both presidents expressed a desire to meet soon.

Medvedev's press service said both men stressed they were ready to make efforts to ensure that ties between Russia and the U.S. live up to their potential.

During his talks with French President Nicolas Sarkozy and German Chancellor Angela Merkel, Obama underscored his commitment to strong relations with both European countries to confront global challenges. The leaders agreed to coordinate closely on responses to the world's financial crisis and in preparing for an economic summit in London in early April, immediately followed by a NATO summit in Germany and France.

The White House said Obama also spoke with Sarkozy and Merkel about their shared commitment to Afghanistan, and the situation in the Gaza Strip. Obama and Sarkozy agreed to continue close cooperation on Iran. Obama discussed the issue of climate change with Merkel.

Obama and Brazilian President Luiz Inacio Lula da Silva talked about areas where their countries could improve cooperation on the environment, energy and efforts to resolve the global financial crisis. Obama also emphasized to Silva the importance of strong relations between their countries.

## **#11**

### **Russian, U.S. leaders set for first talks in April**

**By Mikhail Antonov**

**Reuters, January 27, 2009**

Russia's leader is likely to meet the new U.S. president in April to try to re-launch ties that were hobbled by differences under Washington's previous administration, the Russian foreign minister said on Tuesday.

Foreign Minister Sergei Lavrov said he expected Russian President Dmitry Medvedev and U.S. President Barack Obama to hold bilateral talks on the sidelines of a Group of 20 summit planned for April 2 in London.

Lavrov said a tentative agreement on the meeting was reached on Monday when the two leaders spoke by telephone for the first time since Obama took office on January 20. The White House has not confirmed any plans for a meeting.

"Both sides ... confirmed their desire for a re-launching of US-Russian relations, and that efforts should be concentrated on the most burning issues on the international agenda."

"The presidents underlined the importance of overcoming the differences which remain between our countries on a whole range of issues," Lavrov told a news briefing.

"They will both be in London and I am sure they will find an opportunity for a direct dialogue," he said.

Under former President George W. Bush, diplomatic ties between Moscow and Washington reached their lowest level since the Cold War.

## DIFFERENCES

The two sides clashed over a U.S. plan to deploy elements of a missile defense shield in Eastern Europe, a project Russia says is a threat to its own security, and over Bush's drive to bring ex-Soviet Ukraine and Georgia into the NATO alliance.

Washington effectively suspended high-level contacts with Moscow for several months after Russia's war with Georgia last year. The United States led Western condemnation of Russia's actions in Georgia, calling them disproportionate.

Lavrov said he had a separate phone discussion with U.S. Secretary of State Hillary Clinton during which they agreed to hold their own talks before the Obama-Medvedev meeting. Details of those talks were still being agreed, Lavrov said.

Before he was elected president, Obama lambasted Russia over its military operation in Georgia. "A resurgent and very aggressive Russia is a threat to the peace and stability of the region," he said in an election debate.

But Russian officials say they see signs Obama will take a more pragmatic approach toward Moscow than its predecessor. A nominee for a top Pentagon post under Obama said this month the missile shield plan would be reviewed.

Diplomats say that despite their differences, Russia and the United States have worked closely on issues where they share common interests, including on curbing Iran's nuclear program and containing militants in Afghanistan.

## #12

### **Putin Sees Russian Recovery Starting by Midyear By Ellen Pinchuk, Lyubov Pronina and Alex Nicholson Bloomberg, January 27, 2009**

Russian Prime Minister Vladimir Putin said he sees "light at the end of the tunnel" for the economy by the middle of the year and called for global rules to avert a repeat of the current crisis.

Some industries may begin to recover by the second half and the Russian economy, which the government forecasts will contract 0.2 percent in 2009, should start to experience "positive trends" this year or in early 2010, Putin said in an interview with Bloomberg Television on Jan. 25.

“The industries that developed most actively in the past few years found themselves in a difficult situation,” Putin, 56, said in the northern city of Velikiy Novgorod. “Nevertheless, we are optimists,” and “we act on the premise that the global economy will rise to its feet gradually and so will the Russian economy.”

Russia’s \$1.7 trillion economy will probably enter a recession this year for the first time since 1998 as Urals crude, the nation’s oil export blend, has slid 68 percent from a July record and credit markets around the world remain squeezed.

Putin and his protege, President Dmitry Medvedev, 43, have blamed U.S. “egoism” for triggering the worst financial crisis since the Great Depression and have called for an overhaul of global rules and institutions. Putin flies to Davos, Switzerland, this week, where he will present his vision for reform to business people and political leaders at the World Economic Forum.

### Bailout Program

The government has pledged more than \$200 billion in loans, cash injections, tax cuts and other measures to increase liquidity and revive the economy. Putin presided over eight years of economic growth during his presidency, which ended in May, aided by rising energy prices and a surging global economy.

He defended Russia’s currency policy, saying the ruble was devalued “gradually and carefully” to give people time to convert their savings into foreign currencies or invest them elsewhere. The ruble has lost 18 percent against the dollar since mid-November, when the central bank began allowing it to depreciate.

The depreciation, engineered through 21 separate expansions of the ruble’s trading band against a target basket of dollars and euros starting on Nov. 11, enabled Russians to decide whether to “stay with the ruble, move to dollars or euros, or do something else, go into real estate, to consider savings,” he said.

### Ruble Decline

“We did not act as some countries; we did not crush the national currency overnight,” Putin said. “We did all that gradually and carefully. We have consciously decided to spend gold and currency reserves, to give the possibility to participants in the economy, including citizens, to realize what is happening and to make decisions.”

The ruble depreciated for a third day to as low as 43.9772 per euro, the weakest since the common currency was introduced in 1999. The 30-stock Micex Index fell 2.1 percent to 600.55 at 4:01 p.m. in Moscow, after rallying 11 percent yesterday.

Putin pledged last month to use reserves to prevent the “sharp” declines in the ruble that marked its 71 percent devaluation against the dollar in 1998. The ruble slid as much as 29 percent a day in August of that year, when Russia defaulted on \$40 billion of debt, erasing people’s savings overnight, triggering runs on bank deposits and sparking hyperinflation. Russia’s reserves, the third-largest in the world, are currently \$396.2 billion, down 34 percent from a record \$598.1 billion in August.

### Capital Movements

“Russia’s economy is not what it was in 1998,” Putin said in the interview. “It is because of that that we allow ourselves to quite gently deal with the rate of the national currency.”

Putin said the government had no plans to reintroduce restrictions on capital movements. “We believe that capital outflow in this case has helped the inflow of trust,” he said. “We have not put restrictions on capital outflow and do not intend to do it in the future. The Russian economy is open.”

Putin renewed his criticism of U.S. fiscal policy, calling for Washington to make more information available to countries around the world that are affected by its decisions.

"Russia holds 50 percent of its gold and currency reserves in the American economy and we are not indifferent to what America's budget deficit will be in 2009," Putin said. Countries "have a right" to "common standards in the world economy," he said.

#### 'Framework Agreements'

"We understand perfectly that there cannot be absolute agreements in the world similar to those adopted within the European Union," Putin said. "But some sort of framework agreements are still possible."

He also called for "some unification" of the world's equity markets, blaming increased competition between bourses for deepening the financial crisis.

Putin advocated the establishment of regional investment funds as a step toward the introduction of regional reserve currencies to offset the influence of the dollar and the euro. Russia and four other former Soviet republics agreed last month to create a \$10 billion fund to help them through the economic crisis.

"The economic crisis is helping us to a certain extent," Putin said. "It's making us optimize production, improve the quality of personnel, retrain our workforce. All of this incites us to come out of the crisis more mature, with better prospects of development."

### #13

#### **Creeping Police State or Looming Anarchy**

**By Brian Whitmore**

**RFE/RL, January 26, 2009**

They're ratcheting up the machinery of repression! A crackdown is obviously just around the corner.

The elite is mired in clan warfare and the economy is collapsing! We're clearly headed for chaos and instability.

Recent commentary on Russia has tacked back-and-forth between these two apparently contradictory narratives -- the creeping police state vs. looming anarchy. This blog, of course, is no exception,

Signs that the authoritarian system Vladimir Putin and his team built over the past decade is about to get even tougher are not hard to see.

A so-called judicial reform curtailing jury trials and broadening the definition of treason will make it much easier for the authorities to criminalize dissent. The rushed effort to extend the presidential term from four to six years is clearly designed to facilitate Putin's return to the Kremlin and keep his team of KGB veterans in power indefinitely. Crude nationalism and nasty xenophobia has been the norm, reaching new heights with Russia's war with Georgia in August.

But there is also compelling evidence that Putin's vaunted power vertical is starting to go wobbly.

Protests in Vladivostok and other cities over a deeply unpopular hike in auto-import tariffs have severely spooked the elite. A controversial military reform will put hundreds of thousands of officers out of work, creating a potential source of instability. Regional leaders like Tatarstan's Mintimer Shaimiev are becoming less shy about defying the Kremlin.

And there are fresh signs of tension within the ruling diarchy of Putin and President Dmitry Medvedev. According to a recent article in the weekly "Novoye vremya," Russia's titular head of state and its de facto ruler are at odds about how to deal with the mounting economic crisis:

"The president met with a group of experts on December 26 and they presented him with a picture of impending economic catastrophe. The experts explained that the disaster was inevitable even if the price of

Urals crude remained at \$30 per barrel, the Central Bank permitted devaluation of the ruble, and the government kept its promises of financial aid to a select group of 295 companies. Medvedev was so impressed that he immediately classified the information and had it sent to the premier. Putin, however, found the president's initiative distasteful. People in the know say Putin interpreted Medvedev's meeting as an attempt to take anti-crisis management out of his hands. Government insiders claim that Putin by and large has no use for expert recommendations."

Citing unidentified "insider" sources, "Novoye vremya" reports that Medvedev's allies in the State Duma are trying to water down pending legislation expanding the definition of treason and espionage. Putin favors the changes, but Medvedev is trying to "make it as mild as possible."

Meanwhile, Yevgeny Volk, head of the Heritage Foundation's Moscow office, writes on his blog that Russia's business community is becoming increasingly disillusioned with Putin's government:

"Thus far, the Russian government's feverish moves to combat the economic downturn have done little to improve the economy. The emergence of the list of 295 strategic enterprises the government is bailing out has produced serious tension within Russia's business community. The enterprises not privileged to join the list are seeking to have a place at the trough. The lucky privileged ones are not completely happy with the state of affairs, though. The point at issue is that in return for the bailout the government requires corporations to fully disclose their business profiles. This makes companies highly vulnerable, what with acute competition and widespread corruption. The government uses the information the companies provide as business manipulation and control levers. According to the analysis of the Russian Union of Industrialists and Entrepreneurs, it works out that the government bailout is exacerbating stockholders' plight rather than improving it."

So what is happening here?

It seems the system Putin built is running into the same brick wall today that the Soviet Union hit in the mid-1980s. In both cases, an economy dangerously dependent on commodities prices crashed when world energy prices tanked.

And what happens next is anybody's guess.

In the 1980s, the main debate within the Soviet elite was between those who wanted to address the crisis by imposing tighter discipline and those who favored loosening up the system.

Yury Andropov briefly tried the former -- seeking to modernize the Soviet economy while at the same time preserving an authoritarian political system in which the KGB would have a leading role -- but he died after serving as Soviet leader for just 15 months.

Mikhail Gorbachev, of course, then tried the latter -- attempting a simultaneous political and economic liberalization -- precipitating the break-up of the Soviet Union.

Putin and his closest allies revered Andropov (most of them joined the KGB in the mid-1970s when he ran the spy agency) and tried to establish a new version of his "authoritarian modernization" over the past decade. It all looked successful when oil prices were soaring. But now, the lack of diversification in Russia's economy is exposing Putin's economic miracle as a mirage.

But history isn't exactly repeating itself (it never does). Unlike in the 1980s, there is nobody with the clout and political will to pick up the reform mantle and seize the moment. Despite his recent friskiness, Medvedev doesn't appear to fit the bill.

So for the time being at least, the choice appears to be one between Putin's teetering authoritarianism and chaos. And as long as that is the choice, most Russians will choose the former.

## **#14**

### **Russian Orthodox Patriarch chosen BBC News, January 27, 2009**

The Russian Orthodox Church has elected senior cleric Metropolitan Kirill as its new leader, to succeed Patriarch Alexiy II who died last month.

Metropolitan Kirill of Smolensk and Kaliningrad, received 508 votes in a ballot of the Church Council in Moscow.

Kirill - who is regarded as a liberal - has said the Church could play a greater role in Russia.

He was the favourite in the contest and was chosen ahead of the more conservative Metropolitan Kliment.

"I accept and thank the Church Council for my election as Patriarch of Moscow and All Russia," Kirill said after the results of the ballot in Moscow's Cathedral of Christ the Saviour were announced.

Earlier, he called for unity and said the Orthodox faithful must resist Catholic and Protestant proselytising.

After Alexiy II's death Kirill had served as acting head of the Church.

Declining attendance

This was an election without precedent, the BBC's James Rodgers in Moscow says.

The last time the Russian Orthodox Church chose a leader was in 1990, when the Soviet Union still existed.

Since then, Russia has changed beyond recognition, and the Orthodox Church in Russia has been reunited with the Church outside the country, our correspondent says.

Across Russia thousands of churches and monasteries have been re-opened or rebuilt.

That was one of the achievements of Patriarch Alexiy II.

However, Metropolitan Kirill has already highlighted one of the great challenges facing the Church.

While some two-thirds of Russians describe themselves as Orthodox Christians, far fewer regularly attend services, our correspondent says.

Speaking to the Trud newspaper before his election, Kirill noted: "Millions of people have been baptized, and consider themselves Orthodox Christian. But the degree of their observance leaves much to be desired."

## **#15**

### **FSU Jewish schools are tossed a temporary lifeline By Grant Slater JTA, January 26, 2009**

In what amounts to a bailout for Jewish schools in the former Soviet Union, a key U.S. aid group has thrown them a temporary lifeline.

The International Fellowship of Christians and Jews has pledged \$7.1 million in social support to supplement three Russian school systems. The group also will continue a \$3.1 million partnership with the American Jewish Joint Distribution Committee.

Jewish schools in the former Soviet Union have seen a significant swath of their funding disappear over the last six months.

Most of the fellowship's funds -- more than \$6 million -- will go to the Chabad-run Federation of Jewish Communities. None of the money will go to Jewish education itself, in accordance with the fellowship's rules. Rather the funds will go toward social support, such as school lunches, busing and the like.

Russia's Jewish educational networks have been badly hurt by the global financial crisis, as major funders have scaled back their support.

The Jewish Agency for Israel, facing a \$45 million budget cut, eliminated its funding of Heftsiba, a program that supports all three Jewish school networks in Russia -- Or Avner, the Orthodox Shma Israel schools and the secular ORT school system.

The collapse of Bernie Madoff's Ponzi scheme has hit Jewish higher-education programs. And the funder of the largest school network in the region, Lev Leviev, lost some 85 percent of his wealth last year.

This forced a dramatic cut in funding for the Chabad-affiliated Or Avner network, which operates 75 schools in the former Soviet Union.

The nature of the losses has created something of a double whammy for schools: Their funding is drying up, but the financial crisis has forced them to direct more cash to support services such as busing and food programs. Meanwhile, most of the community's rescue funds are being earmarked for welfare, not education.

The fellowship's donation comes at a time when nearly all other Jewish charities are reeling from the financial crisis. The fellowship also will be continuing its umbrella partnership with the JDC to provide services for at-risk children in the region.

Asher Ostrin, JDC's director in the former Soviet Union, said the program would now take a more central role given the state of Jewish schools.

"If anything, there is an effort to put more money into our operation," Ostrin said. "The school system is facing very tough times right now."

Rabbi Yechiel Eckstein, the fellowship's president, said his organization was buoyed in January by donations in support of Israel's operations in Gaza. The fellowship, which receives its funding from Christian donors in the United States, took in twice as much in donations this month compared with last January.

That opened up the opportunity to throw a lifeline to schools in Russia, Eckstein said.

But there are restraints on the funding. It cannot be used directly for Jewish education because of conflicts of interest with money that comes from Christian donors. Instead, the money must go to children's welfare programs.

"There's something very awkward and very strange and very wrong that Christians in America, ladies who are giving 10 percent of their meager Social Security, are giving sacrificially when you have a wealthy Jewish community even after the Madoff situation," Eckstein told JTA.

The bailout is merely a stopgap measure, a one-time grant that only accounts for a fraction of the school systems' funding. Eckstein said his goal was to enable the school systems to continue operating until the end of the academic year. He said he'd be speaking shortly with leaders of the Orthodox community about needs for its their school system.

After that, it remains to be seen how the schools will fare next fall.

Over the course of the past year, representatives from schools across the former Soviet Union told JTA they had been forced to cut back on exactly the type of services that the grant can cover -- busing, free lunches and other operating costs.

The Heftsiba program had provided nearly \$3 million in funding to Russia's three school networks. The fellowship is stepping in to provide \$1 million to support Heftsiba, and that donation will be matched by \$1 million in support from the Israeli government. But that will only bring funding for the program to slightly more than half its previous level, Eckstein said.

According to the Chabad-run federation's Web site, Leviev approached Eckstein to ask for the infusion of cash to support Jewish schools here.

After Leviev "learned that the State of Israel, the Jewish Agency and many other international charities would not be providing more than the amounts sufficient to ensure the continuance of Jewish community programs," according to a news release, Leviev approached the fellowship "to request aid in salvaging this system."

The extent of the financial crunch Chabad faces in the region is not fully known. The group already has laid off senior staff members, and there have been meetings about the flow of funds between countries in the former Soviet Union.

The head of the Or Avner school system, Rabbi David Mondshine, played down any concerns about Chabad's operating budget. He also emphasized that the fellowship's funds would be directed toward social programs for children.

"All the rumors about the schools here have been going, but the schools are continuing," Mondshine said. "There have been budget cuts, of course."

Over the course of the past year, representatives from schools across the former Soviet Union told JTA they had been forced to cut back on exactly the type of services that the grant can cover -- busing, free lunches and other operating costs.

The Jewish Agency's Heftsiba program had provided nearly \$3 million in funding to Russia's three school networks. IFCJ is stepping in to provide \$1 million to support Heftsiba, and that donation will be matched by \$1 million in support from the Israeli government. But that will only bring funding for the program to slightly more than half its previous level, Eckstein said.

According to the Chabad-run federation's Web site, Leviev approached Eckstein to ask for the infusion of cash to support Jewish schools here.

After Lev Leviev "learned that the State of Israel, the Jewish Agency and many other international charities would not be providing more than the amounts sufficient to ensure the continuance of Jewish community programs," a press release says, Leviev approached "IFCJ to request aid in salvaging this system."

The extent of the financial crunch Chabad faces in the region is not fully known. The group already has laid off senior staff members, and there have been meetings about the flow of funds between countries in the former Soviet Union.

The head of the Or Avner school system, Rabbi David Mondshine, played down any concerns about Chabad's operating budget. He also emphasized that IFCJ's funds would be directed toward social programs for children.

"All the rumors about the schools here have been going, but the schools are continuing," Mondshine said. "There have been budget cuts, of course."

**#16**

**Putin to Seek New Economic Order at Davos**

**By Anatoly Medetsky**

**Moscow Times, January 28, 2009**

Prime Minister Vladimir Putin will call for a change in the world economic order and deliver his assessment of what caused the global economic debacle in an opening speech at the World Economic Forum in Davos on Wednesday night.

While it would not be new if Putin blamed the United States for the crisis, his appearance at the five-day forum will mark the first time that a Russian prime minister attended the gathering of the world's political and business elite since Mikhail Kasyanov in 2002.

In his remarks to 40 heads of state including German Chancellor Angela Merkel and British Prime Minister Gordon Brown at Davos, Putin will "express his attitude toward the causes of the crisis and the circumstances on the world arena ... that led to the crisis," his spokesman Dmitry Peskov said Tuesday.

Putin will call for changes to prevent a repetition of the global economic meltdown, tell about Russia's response to the current troubles and his vision of the international situation, and explain Russia's stance in the gas standoff with Ukraine earlier this month, Peskov said.

Ukrainian President Viktor Yushchenko is also heading to the forum.

Putin said in an interview published on the Cabinet's web site Tuesday that he was looking forward to attending Davos. "I think the history of international economic relations has not witnessed anything like that [the economic crisis]. That's why joint work in venues like this is, in my view, is in high demand," he said.

This year's gathering will be dedicated to shaping a post-crisis world and brings together more than 2,500 participants, including more than 1,400 chief executives and chairmen from the world's leading companies, the highest number of executives since the World Economic Forum was founded in 1971.

Putin will speak for a half-hour in his opening address, starting at 8:30 p.m. Moscow time, the forum's schedule shows.

He will then attend a dinner hosted by Klaus Schwab, the founder and executive chairman of the World Economic Forum, said Stephen Kinnock, a forum spokesman. Putin will later throw his own reception, said Kinnock, the forum's head for Europe and Central Asia.

Putin is scheduled to hold talks with Chinese Prime Minister Wen Jiabao, also attending Davos for the first time, on Wednesday. The two are likely to discuss a Chinese loan in exchange for Russian oil that the countries have been negotiating since last year.

On Thursday, a group of 40 chief executives from some of the world's biggest corporations — representing the forum's International Business Council — will have a 2 1/2-hour meeting with Putin, Kinnock said. Putin will then sit down to talk with editors from international media outlets for 2 1/2 hours under the auspices of the forum's International Media Council, the spokesman said.

Time has been set aside for a number of bilateral meetings before Putin's departure Thursday afternoon. Putin plans to hold working meetings with the leaders of Poland, Armenia and Mongolia, his spokesman Peskov said. Meetings with Turkish Prime Minister Recep Erdogan and other visiting leaders are possible on the sidelines of the forum, he said.

Putin will be at the head of a government delegation comprising First Deputy Prime Minister Igor Shuvalov, Kremlin economic adviser Arkady Dvorkovich and Tatarstan Prime Minister Rustam Minnikhanov, Kinnock said. Economic Development Minister Elvira Nabiullina withdrew Monday afternoon, apparently replaced by Dvorkovich, who wasn't listed as a participant on the forum's web site.

Nabiullina's ministry is working to update forecasts for the economy this year. Last year, the highest-ranking guest from Russia was Finance Minister Alexei Kudrin. Then-First Deputy Prime Minister Dmitry Medvedev attended the previous year.

Businessmen taking off for Davos include LUKoil president Vagit Alekperov, Basic Element chairman Oleg Deripaska, VimpelCom chief Alexander Izosimov and VTB chief Andrei Kostin.

The forum will notably be devoid of the profuse parties → often featuring movie stars like Angelina Jolie → that some participants used to throw in their better days before the crisis hit.

"We are not having any celebrities at Davos this year," Kinnock said. "This is a celebrity-free zone.

"The World Economic Forum needs to ensure that it's clearly focusing on the very substantial issues and challenges that the world faces at the moment, and that requires some very in-depth discussions and thinking on a number of issues."

The idea to exercise a bit of austerity came from both the organizers and participants, he said.

The Russians in Davos appear on track to follow the mood, a change from last year when Troika Dialog bankrolled an ice-skating show with 17 champion skaters for more than 200 guests.

"I don't think there's anything apart from the reception that Putin will host on Wednesday evening at one of the hotels here in Davos," Kinnock said. "I don't think that's going to be particularly lavish. It will be high-level but not too extravagant."

## **#17**

### **Human Rights Commissioner Lukin's Term May Be Extended**

**By Yelizaveta Surnacheva**

**Gazeta.ru, January 27, 2009**

Commissioner on Human Rights Vladimir Lukin will remain for another term. On Monday, President Dmitriy Medvedev submitted the proposal to this effect to the State Duma. Human rights defenders recall that Lukin had not intervend in an entire series of scandals, but note that the ombudsman's capacities in Russia are greatly limited.

The former Russian Ambassador to the US and one of the founders of the Yabloko Party, Vladimir Lukin, first became the main Russian ombudsman in 2004, upon nomination of President Vladimir Putin. At that time, 333 deputies supported his candidacy, with a required 226. If Lukin is re-appointed (and there is practically no doubt of that), then he will remain for his second and last 5-year term. In accordance with the law, "On the Commissioner on Human Rights in the Russian Federation," the same person may not hold this office for more than two consecutive terms.

Before the start of his political career, the 71-year old Lukin worked in various capacities in the MFA (Ministry of Foreign Affairs), but in 1990 he became a RSFSR People's Deputy, and retained the status of deputy for 13 years.

In the post of Ombudsman, Lukin often intervended in various high-profile conflicts.

He condemned the actions of the authorities of Blagoveshchensk, where hundreds of people were beaten during a police raid, and he went to the Karelian Kondopoga, where there was a mass ethnic riot. But the Yabloko member proved to be much less notable in defense of political rights. We may recall Lukin's statement in defense of detained oppositionists at various protest meetings. The commissioner several times explained that everyone has the right to peaceful protest actions, and noted that the police, which already have too many

powers and authorities, often abuse them. However, these statements did not have any serious consequences, and the number of detainees did not diminish in any way.

One of the main complaints against Lukin on the part of public organizations was that he did not intervene in any way in adoption and discussion of the law on noncommercial organizations (NKO), which greatly complicated the registration and activity of NKOs.

Although, according to the law, aside from review of complaints and appeals about violations of the human rights and freedoms of citizens, the competency of the commissioner also includes the adoption of measures on their restoration, "analysis of the Russian Federation legislation in the field of rights of man and citizen, preparation of recommendations for its improvement and compliance with generally accepted principles and standards of international law."

Lukin should "participate more in lawmaking work," noted the chairman of the State Duma Committee on Civil, Criminal, Arbitration and Procedural Legislation, Pavel Krashenninikov, in an interview with Gazeta.Ru.

Lukin often petitioned for freeing prominent prisoners, specifically Vasiliy Aleksanyan. But there were also cases when he did not agree with the agencies that had made decisions on amnesty. This was the case in 2004 with Yuriy Budanov. As a result, Budanov was freed only in January of 2008.

Krashenninikov reminded Gazeta.Ru that, at one time, he himself had recommended Lukin for the post of Commissioner on Human Rights.

"This is a man from the human rights community. Of course, he lacks a legal education, but he is a decent and well-intentioned man," he believes.

The Deputy Chairman of the Committee on Civil, Procedural and Criminal Legislation, United Russia member Andrey Nazarov, is convinced that Lukin comes from Yabloko, and therefore is a democrat by his convictions. Deputies agree on the opinion that the publicly elected officials will approve Lukin's candidacy without any particular problems.

"This is an absolutely adequate commissioner. He deals with socio-economic and with political rights, prepares objective reports, enjoys respect in the human rights community, and does not equate himself with any political force whatsoever - either with the authorities, or the opposition," believes the Deputy General Director of the Center for Political Technologies, Aleksey Makarkin.

"Of course, we would like to achieve more from the ombudsman on a number of questions - specifically, on problems of activity of the law enforcement agencies, persons who have been accused and convicted, problems of freedom of assembly, on the status of NKOs, on freedom of speech, on reform of the judicial system and access to a fair trial, and an entire series of other serious human rights problems," hopes human rights defender Yuriy Dzhibladze. However, Dzhibladze is convinced that the problem lies not with Lukin himself, but with the arrangement of the political system and the limitations that the law imposes on the human rights commissioner.

"Lukin's capacities are greatly limited," believes the human rights defender.

"While the federal commissioner is Lukin - a democrat with seniority, anyone at all may be appointed as regional ombudsman, including former prosecutors and workers of the special services. This is because, in appointment of regional ombudsmen, there is no obligation to consult with the federal commissioner," the leader of the "For Human Rights" movement, Lev Ponomarev, pointed out the flaw in the legislation on the human rights representative. In (Ponomarev's) opinion, it is necessary to introduce such an amendment to the legislation. But as for Lukin himself, Ponomarev called him "a successful person for the human rights community."

**#18**

**Gates sees potential for US-Russia cooperation**

**By Desmond Butler**

**AP, January 27, 2009**

U.S. Defense Secretary Robert Gates said Tuesday that he sees potential for the United States and Russia to cooperate on missile defense despite tensions on the issue.

Russia has vehemently opposed U.S. plans to build a missile defense system in Eastern Europe and has rejected U.S. proposals for cooperation.

But Gates says that Russian Prime Minister Vladimir Putin showed signs of interest in working together during meetings with U.S. officials while he was still president. "I had the distinct impression when I presented a range of opportunities for cooperation and transparency to President Putin that he was actually taken by some of the ideas," he said.

Gates also dismissed Russian attempts to project its power over Latin America by sending naval ships and bombers to visit Venezuela and Cuba.

"I felt that our best response to the Russian ship visits to Venezuela was nonchalance," he said. He added that he would have recommended to former President George W. Bush, to whom he also reported as defense secretary, that he invited the Russian ships to dock in Miami if tensions had not spiked over Russia's invasion of Georgia.

"I think they'd of had a much better time than they did in Caracas," he said.

The United States needs to keep Russia's limited capabilities in perspective, Gates said.

"When they complained about us escorting their blackjack bombers to Venezuela, I wanted to say that we just wanted to be along there for search and rescue if they needed it," Gates said.

He said he is more troubled by Iranian activities in Latin America that he sees as meddling.

Iran has used the United States as a foil as it tries to establish ties with left-leaning Latin American leaders.

Gates did not say just what he thinks Iran is up to militarily. But he called Iran a threat there that Russia, despite high-profile maneuvers, is not.

**#19**

**Putin Warns Against State Excesses  
By Anatoly Medetsky and Nadia Popova  
Moscow Times, January 29, 2009**

Prime Minister Vladimir Putin, who has overseen the creation of government-backed national industry champions, surprised participants at the World Economic Forum in Davos on Wednesday by warning against excessive state intervention in the economy.

"The state's role was brought to omnipotence in the Soviet Union in the last century," Putin said in his opening address to the forum, which aims to debate a post-crisis world. "It finally led to our economy being totally noncompetitive.

"We paid dearly for that lesson. I am confident that no one would want to retry that."

Putin, whose government is spending tens of billions of dollars in a rescue package, urged businesses to seek their own solutions to the economic hardships, saying that state aid is exhaustible and not always effective.

He also warned against excessive protectionism before offering a range of proposals that could avert a similar global economic debacle in the future. He said banks must write off their bad loans and assets, several strong regional currencies must replace the dollar as the single reserve currency, governments must better regulate local and international financial markets and the crude price must rise to a higher level.

Allowing crude prices to stay low will bar companies from developing new fields, prompting a lack of supply to fuel post-crisis economic growth.

"This will be a road to new crises," Putin said, representing the country that is the world's second-largest crude exporter.

He reiterated that the government would use the current problems as a "chance" to move away from the commodity sectors to a more high-tech economy. He said Russia would adopt economically justified tariffs for internal electricity pricing.

Russia will remain open to further foreign investment, Putin said.

In an apparent nod to the gas transit standoff with Ukraine earlier this month, Putin called for new international agreements to ensure energy security and championed Russia's two proposed undersea pipelines that would carry gas to the European Union directly.

Restraint on military spending would help the economy, Putin said.

Just as global financial institutions failed to prevent the crisis, international political organizations have shown their impotence by failing to prevent Russia's war with Georgia, the November terrorist acts in India and Israel's attack on the Gaza Strip, Putin said.

VimpelCom chief executive Alexander Izosimov said he liked that Putin was against excesses in government regulation.

"Tranquility is the most important thing for all of us now," he said by phone from Davos.

Putin's attempts to stress Russia's common interests with the rest of the world community was not enough to make investors forget about irritants such as the gas dispute and Georgia conflict, said Ian Hague, a partner at Firebird Management, which manages \$700 million in Russian stocks.

"The most striking for me was Putin's not mentioning the problems of the property rights and corruption in Russia," Hague said from New York. He watched the speech on the forum's web site. "Despite the financial crisis, they still are the biggest problems we are facing in this country."

## **#20**

### **DAVOS-Putin says mutual access to energy creates security Reuters, January 28, 2009**

Russian Prime Minister Vladimir Putin on Wednesday called for mutual access to energy assets to boost greater energy security and said Russia wanted to create more energy export routes.

Speaking at the World Economic Forum, Putin also said the world needed to return to stable and balanced energy prices that reflected supply and demand rather than speculation.

"Each of us understands that sharp and unpredictable price movements of energy are colossal destabilising factors on the world economy," he said, pointing to the gigantic hit to Russia when oil prices plunged by more than \$100 a barrel last year.

"It is necessary to return to equilibrium prices, built on a balance between supply and demand, to cleanse the price-making process from the influence of speculative components."

Striking a conciliatory tone towards the West, Putin said Russia remained open to foreign investment and that energy security should come from mutual interdependence and "the exchange of assets without any double standards."

His words could surprise foreign investors, who have repeatedly called on Moscow to introduce a better defined legal framework to policies that critics say are often driven by resource nationalism.

Some Western energy companies have been forced to cede control of large-scale projects in Russia in the past.

Putin also called for increased capacity in gas pipelines going from Russia to Europe, and said the government was still mulling the country's first gas pipeline to China.

"For the future, we are also considering a parallel (to oil) gas pipeline going in the same direction to the Pacific Ocean and China," Putin said, referring to Russia's first oil pipeline to China, which will come on stream this year.

Russia's two-week gas dispute with Ukraine at the start of this year, which cut off supplies to parts of Europe in freezing weather, has prompted calls for less dependency on transit states. It has also brought the topic of pipelines back to the forefront of energy security discussions.

"Russia intends to develop a transport system to deliver our energy resources in every direction...," Putin said.

"Some of our partners in Europe want to increase the capacity of these pipelines," he added, referring to the Nord Stream and South Stream pipelines that will take Russian gas to the north and south of the EU, respectively.

He added that the government would continue to reduce duties for Russian companies in the energy sector.

Russian oil firms have repeatedly asked for a decrease in the heavy export duty imposed by the government, and have blamed taxation for their inability to invest enough in new fields to support growth.

## **#21**

## **Democracy Should Not Be for the Rich Only**

**By Konstantin Sonin**

**Moscow Times, January 29, 2009**

Corruption is just as harmful during an economic boom as it is during a down-turn. The difference is that when times are good, the overall cost to the economy and society are less noticeable. When businesses grow as the economy expands across broad sectors, hefty bribes usually don't get in the way of earning a profit; companies simply pass the cost of bribes along to consumers. (In this regard, bribes are like other barriers to market entry since they both increase the price for consumers.) In other words, in boom times the state can get away with being inefficient, but during a crisis the same level of corruption carries a much larger price tag.

If the government is determined to finance large-scale infrastructure projects as a way of stimulating the faltering economy, there should be real, transparent competition for construction contracts. Otherwise, little will be built, and the few projects that are actually completed will cost several times more than budgeted.

If the government doesn't want firms to cut production or lay off staff, it needs to make sure that when business owners cannot meet their debt obligations to creditors, the enterprises are able to continue operating and paying worker's salaries, while at the same time paying off their debt. The government also promises to help the jobless and those who have fallen through the social safety net, but if state funds are plundered by corrupt officials there simply won't be enough to go around.

There is no way of completely eliminating corruption, but there are ways to combat it. For example, politicians must be more accountable to the people who elect them. This means that the government needs to reinstate direct elections for governors and return to the system in which a portion of State Duma deputies were elected in single-mandate districts.

Political scientists and economists have shown that when there are highly competitive elections and informed voters, there is less corruption. This correlation was verified by the strong statistical analysis and data in the study titled "Are You Being Served? Political Accountability and Quality of Government," written by Carles Boix of the University of Chicago, Alicia Adsera of the University of Illinois at Chicago and Mark Payne of the Inter-American Development Bank and published in the Journal of Law, Economics, and Organization in 2003. Such hypotheses are generally difficult to prove because a correlation between various factors -- such as the degree of a government's effectiveness and a free media -- does not necessarily indicate a cause-and-effect relationship. But this study, using data from more than 100 countries as well as individual states in the United States, definitively confirms the correlation.

In Russia, there is a commonly held misconception that democracy is a luxury that only economically developed and prosperous countries can afford. This belief is particularly popular during economic booms. When times are tough, however, we must pull our heads out of the clouds and plant our feet firmly on the ground. The best place to start is by return direct elections to Russia.

## **#22**

**Russia says no blank checks for oligarchs**

**By Guy Faulconbridge**

**Reuters, January 29, 2009**

Russia will not write a blank check to save top businessmen hit by the global economic crisis and the state expects something in return for helping bail them out, a government official said on Thursday.

Some of Russia's richest men, who borrowed billions of dollars in the boom years during Vladimir Putin's presidency, face difficulties because the value of collateral they put up as security for major loans has plummeted. Russia has spent large amounts helping businessmen such as metals tycoon Oleg Deripaska, once Russia's richest man, refinance foreign debt. But First Deputy Prime Minister Igor Shuvalov said businessmen should not expect the state to help them with everything and they would have to make compromises.

"We must have understanding... We see that many enterprises that we work with, and their shareholders, have started to feel that the state will save them no matter what," he told reporters at the World Economic Forum in the Swiss ski resort of Davos.

"Against this background they have begun to think ... that the state will help them no matter, help them to refinance their foreign debts and give them special programs to buy their production. We have nothing like this in our plans."

Russia has spent about \$11 billion through state corporation VEB to refinance the foreign debts of Russian companies, and had received requests for much more financial help, Shuvalov said.

He gave no details, but VEB chairman Vladimir Dmitriev told reporters Russian companies had made bids for about \$90 billion to help them restructure their foreign debts.

Russian corporates must pay back \$115.7 billion in foreign debt and interest this year, according to government estimates.

### "PERSONAL RESPONSIBILITY"

The Russian state has immense power in deciding which businesses will survive the financial crisis.

That is in sharp contrast to the 1990s when a small group of powerful businessmen who became known as oligarchs held sway over vast resources and the state was strapped for cash.

Some political analysts say the Kremlin could use its hold over the oligarchs to build national champions with state involvement, a reversal of murky privatizations in the 1990s.

Putin, who was president from 2000 to 2008, is now the powerful prime minister under President Dmitry Medvedev, his former protege. He told investors in Davos on Wednesday that excessive state intervention in the economy would be a mistaken reaction to the crisis.

He also said businessmen would have to take personal responsibility for their decisions although the state would continue to support national champions.

"Just because the enterprise is important and has several tens of thousands of workers, we do not simply intend to give out resources and wait for them to come for more later," said Shuvalov, an influential figure in Putin's government.

"The shareholders and heads of these enterprises must for themselves look at their own personal responsibility," he said.

Deripaska last year used his 25 percent stake in Norilsk Nickel, the world's leading producer of nickel and palladium, as collateral for a \$4.5 billion loan from VEB.

Norilsk shareholder Vladimir Potanin, and Deripaska, who controls aluminum giant RUSAL, have proposed pooling their metals assets with other miners to create a huge entity that would be part-owned by the Kremlin and wipe out their debts.

**#23**  
**Russian Report Says Moscow Will Halt Missile Deployment**  
**By Clifford J. Levy**  
**New York Times, January 29, 2009**

A Russian news report on Wednesday that Russia is putting off its plan to deploy missiles near the Polish border raised speculation that the Kremlin is seeking ways to lower tensions with the United States now that a new administration has taken office.

The report, from the Interfax news agency, was attributed to an unidentified Russian defense official, and when contacted later in the day, other Russian defense and Foreign Ministry officials in Moscow would not confirm it or comment on it.

Interfax quoted the unidentified defense official as saying that “these plans have been suspended,” referring to the Kremlin’s proposal to base Iskander missiles in the western region of Kaliningrad and direct them toward Europe.

The official was quoted as saying Russia had taken the step because Washington was not “pushing ahead” with the Bush administration’s proposal to deploy an antimissile system in Poland and the Czech Republic to defend against what the Bush administration had said was a threat from countries like Iran.

Asked about the Interfax report, NATO said through a spokesman that if confirmed, “it would be a positive step.”

In Washington, a State Department spokesman, Robert A. Wood, would not confirm that there had been any contact by the Russian government on a suspension of the missile deployment. But he said of the Russian news report: “It’s a positive development. We look forward to cooperating, as we’ve said for quite some time — cooperating with Russia on missile defense.”

The Kremlin has sharply criticized the Bush antimissile system, contending that it was aimed at Russia. Bush administration officials had sought to soothe Russian concerns, but the issue had damaged relations between the countries.

While the official quoted by Interfax said the United States was not going forward with the antimissile plan, the Obama administration is, in fact, only reviewing the plan and has not publicly rejected it.

It would seem unlikely that the Kremlin would offer the concession of shelving the missile plan without first obtaining a promise from the Obama administration that the American plan had been canceled.

While the Kremlin remained silent about the issue on Wednesday, Itar-Tass, the government-run news agency, quoted an unnamed senior defense official as saying that any such reports in the Russian media about the Kremlin pulling back were “pure fiction, total nonsense.”

The unnamed official suggested that it would be a mistake for the Russians to withdraw their threat unilaterally while the issue was still playing out.

In an interview with Bloomberg News on Monday, Prime Minister Vladimir V. Putin indicated that he was hopeful that the Obama administration would reject the Bush plan.

“We have heard signals concerning antimissile defense, and we know that people close to Mr. Obama say they should not hurry and the issue demands further analyses,” Mr. Putin said. “We are glad to hear such statements. Beyond that, our proposal on developing those systems is still on the agenda.”

**#24**  
**Did Barak quote Putin or did Putin quote Barak?**  
**By Lily Galili**  
**Haaretz, January 27, 2009**

Russian-language media have reacted with surprise to a Haaretz report that Ehud Barak will mimic Vladimir Putin's statement about killing terrorists "on the toilet" as part of a campaign for the upcoming general elections.

Some journalists have claimed that it was in fact Barak's military exploits that inspired the Russian president's comments.

"As you people say, they should be whacked when they're on the toilet," the Labor leader and defense minister will say in a radio election broadcast intended for Russian speakers.

The Russian media cited a 2004 article, published in a Russian newspaper, on a 1972 operation commanded by Barak in which a team of Sayeret Matkal commandos took back control of a hijacked Sabena Airlines plane that had landed at Ben-Gurion Airport.

The article, written by Alexander Minkin, relates that Barak was the first to enter the Boeing 707 and that he killed the terrorist ringleader after finding him locked in the airplane's toilet. According to Minkin, Putin studied the operation as part of his service in the KGB Soviet espionage agency.

Ironically, Barak's rival for the premiership, Likud chairman Benjamin Netanyahu, participated in the Sabena rescue operation under Barak's command.

The indirect allusion to Putin's statement is Barak's way of fashioning his image after that of an aggressive leader whom many Russian immigrants would favor. In the coming weeks, he will try to identify with that as closely as possible. Ten years after winning the elections in 1999 with the support of 58 percent of the Russian immigrant population, Barak is now fighting for an additional Knesset seat with the help of the Russian vote.

## **#25**

### **Barak seeking to 'Putinize' image to attract Russian vote**

**By Lily Galili**

**Haaretz, January 27, 2009**

In a bid to gain the vote of the Russian immigrants in the elections, Labor leader and Defense Minister Ehud Barak will quote Russian Prime Minister Vladimir Putin's statement about killing Chechen terrorists "on the toilet."

"As you people say, they should be wacked when they're on the toilet," Barak will say in a radio election broadcast intended for Russian speakers. Labor, which is launching its campaign among the Russian speakers this afternoon, will ask them to support him, as they did when he last ran for prime minister 10 years ago.

The indirect allusion to Putin is Barak's way of fashioning his image after that of an aggressive leader whom many Russian immigrants see favorably. In the coming weeks, he will try to identify with that as closely as possible. Ten years after winning the elections in 1999 with the support of 58 percent of the Russian immigrant population, Barak is now fighting for an additional Knesset seat with the help of the Russian vote.

Until a few weeks ago Barak was entirely irrelevant in the Russian street and polls indicated that Labor would get less than half a Knesset seat from the sector.

Barak hopes that the fighting in Gaza will change the tide and restore him as a player in Russian speakers' eyes.

"Unlike the failed Lebanon war, the war in Gaza was brutal enough and successful enough to score points for Barak," a political commentator who wished to remain anonymous said.

"Barak is lucky. Most Russians see this war as a failure, but Barak is identified with the military victory, not with its political failure," he said.

Under the halo of a military victory, Barak's messages in his address to the Russian public will be much more radical and aggressive than those in his Hebrew campaign. Russians are assumed to love power and to be looking for a strong leader and Barak will present himself as an answer to both these needs.

Labor sources say they expect to gain more than three Knesset seats with the Russian vote. Off the record, though, they say they're hoping to get one-and-a-half.

As a gesture toward the Russian speaking public, Labor has raised the slot earmarked for the token "immigrant" on its Knesset list from 21 to 19. Labor's immigrant campaign chief, MK Leon Litinsky, who is slated for that spot, will present the second radio broadcast in Russian. It will deal with Labor's socio-economic achievements vis-a-vis the immigrants.

## **#26**

### **Russia and Cuba sign partnership at Kremlin talks Reuters, January 30, 2009**

Russian President Dmitry Medvedev and his Cuban counterpart Raul Castro signed a "strategic partnership" agreement at a Kremlin meeting on Friday, part of a new era of friendship between the former Cold War allies.

The two sides drew up 34 agreements during Castro's visit to Moscow -- the first visit by a Cuban leader since the end of the Cold War. No details of the partnership document were released.

Russia has also agreed to give Cuba a loan to buy Russian goods, although the exact amount of the loan was not disclosed.

"Your visit to our country opens a new page of Russia-Cuba relations," Medvedev said during opening remarks.

Moscow was Cuba's main benefactor during the Cold War but relations waned after the 1991 collapse of the Soviet Union.

Over the past few months both countries have worked to rebuild ties. Russian oil companies want to drill in the sea around Cuba and its military has talked about air defence cooperation with the Cubans.

"It is our duty on the Cuban side ... to take the appropriate steps for the constant, serene but unstoppable consolidation of our relations in all aspects," Castro said.

"The strategic association we have agreed ... reflects perfectly what we have achieved and what we aspire to achieve."

Castro is the younger brother of Cuba's former president and revolutionary leader Fidel Castro, who has been seen only a handful of times in videos and photos since undergoing intestinal surgery in July 2006.

Fidel Castro was the last Cuban leader to visit Moscow, for a Communist Party conference in 1986.

Medvedev visited Cuba in November during a tour of Latin America.

Trade between Russia and Cuba totalled \$239 million (167 million pound) during the first 11 months of 2008, a 26 percent rise compared to the same period in 2007, the Kremlin said.

Russia mainly buys sugar cane from Cuba and sells machinery.