

**WASHINGTON, D.C. March 27, 2009**

**TO: NCSJ Leadership and Interested Parties**

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



In Brief: NCSJ in Moscow

Dear Friend,

The latest NCSJ Student Leadership Mission is currently in Moscow, Russia. Our mission co-sponsors include the Koret Foundation, Taube Foundation for Jewish Life and Culture, Jewish Community Endowment Fund of the San Francisco Federation, and the Stanford University and Moscow Hillels. NCSJ Director for Community Services and Cultural Affairs Lesley Weiss is leading the group of American and Russian students.

For some of the Stanford students, this trip to Moscow is a return to their roots. For others, it is a unique opportunity to strengthen their Jewish identity. In their meetings with Jewish community leaders, international Jewish organization representatives, and Russian, American, and Israeli government officials, the American students are learning about Jewish life in Russia today. At the same time, the Russian participants are learning about the American Jewish community. And together, the groups are discussing issues like community activism, anti-Semitism, pluralism and tolerance.

This cross-cultural exchange will leave both groups of students with new friends, fond memories, and a deeper understanding of the issues the Russian Jewish community faces today.

A highlight of the program is a visit to the Moscow Jewish Home for Children, which not only offers the group an experience that links social, political, and economic issues, but a chance to strengthen their commitment to Jewish life. The students are donating books and games, in Hebrew and in Russian, to the children.

Lesley will give a full report on her trip to Moscow next week.

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. March 27, 2009

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## **#1a**

### **Old Torah Fragments To Be Buried In Ukraine RFE/RL, March 21, 2009**

The Central State Historical Archive in the Ukrainian city of Lviv have returned 14 Torah fragments to a local Jewish congregation, RFE/RL's Ukrainian Service reports.

Mordehai Shlomo Bold, the chief rabbi of Lviv, told RFE/RL that the Torah fragments he received from the archive will be buried, in accordance with Jewish customs. Bold said Jewish tradition requires them to bury the holy book pieces in the same way a human is buried because it is considered "dead," or impossible to restore.

Four other Ukrainian cities are planning to give very old copies or portions of a Torah to Jewish communities based on a presidential decree signed in 2007.

Ukraine is home to the third-largest Jewish community in Europe and the fifth-largest Jewish community in the world. Most Ukrainian Jews live in Kyiv, Dnipropetrovsk, Kharkiv, and Odesa.

## **#1b**

### **Jewish studies center opens in Zhytomyr**

**JTA, March 22, 2009**

A center for Jewish studies opened in a northwestern Ukrainian city.

The Center of Jewish Studies was inaugurated Friday at the Ivan Franko State University in Zhytomyr.

About 100 scientists, researchers and students from Ukraine, Poland and Israel gathered at the university Friday for a conference to promote Jewish history and culture.

Jewish center head Natalia Rudnitzkaya told JTA that the center's mission is to coordinate Jewish studies in the region, help students with methodical support and materials on Jewish history, and to organize scientific conferences and roundtables.

The center is also planning to publish a journal devoted to Jewish history and modern life.

It was established and co-sponsored by the Zhytomyr Chesed Charitable Center and Jewish Foundation of Ukraine. The university provides a venue for conferences and meetings free.

About 2,000 Jews live in Zhytomyr.

## **#1c**

### **Rabbis: Ukrainian state archives should return Torahs**

**JTA, March 23, 2009**

KIEV, Ukraine -- The Ukrainian State Archives is prepared to return Torah scrolls and fragments to Jewish communities, but community rabbis say it is not enough.

All Torah scrolls and fragments must be returned to their original owners, the rabbis say.

The Central State Historical Archive in the western Ukrainian city of Lvov recently returned 14 old Torah fragments to the local Jewish community.

Mordehai Shlomo Bold, the chief rabbi of Lvov, told JTA Sunday that the fragments will be buried in accordance with Jewish law.

Unique Jewish religious objects taken from synagogues during the Soviet regime are in two Lvov museums: the Museum of the History of Religion, and the Museum of Ethnography and Crafts. There are about 1,000 Jewish religious objects in each museum, including over 420 Torah scrolls and fragments from the 15th through 20th centuries.

Some items confiscated from Lvov Jews during the Soviet regime were returned to the Jewish community in 1989. Approximately 1,000-2,000 Jews live in modern Lvov.

Most of the Torah scrolls now being used in Ukrainian synagogues were acquired by the state archives and museums through communist and Nazi looting.

Jewish communities need the thousands of Torah scrolls currently languishing in state archives, according to local rabbis, to restore and to use during services.

"Some synagogues probably don't need them, but we do need these objects on an all-Ukrainian level," Rabbi Yakov Dov Bleich, chief rabbi of Kiev, told JTA.

Bleich said that the Ukrainian Jewish community insists on the restoration of historical justice, namely the return of Torah scrolls to religious communities and organizations. Specifically, he said, the state archives must return Torah scrolls and fragments to the largest Jewish communities: Kiev, Dnepropetrovsk, Kharkov and Odessa.

"This is just a first small step and we continue to negotiate with the Ukrainian central State Archives to return all Torah scrolls and fragments to the Jewish communities in Ukraine," Bleich said.

Ukrainian President Viktor Yuschenko signed a decree in 2007 ordering the restoration of Jewish religious objects to Ukrainian Jewish communities.

Professor Aleksandr Sagan, head of the Ukrainian State Committee on Nationalities and Religions, told JTA that the objects must be used to help revitalize Jewish religious life in the country.

Ukraine is home to the third-largest Jewish community in Europe, with 200,000-250,000 Jews.

## **#1d**

### **Ukraine returns Torah fragments JTA, March 23, 2009**

KIEV, Ukraine -- Ukraine returned 14 old Torah fragments to the Jewish community of Lvov.

Mordechai Shlomo Bold, the chief rabbi of Lvov, told JTA on Sunday that the fragments returned the previous day by the Central State Historical Archive in that western city would be buried in accordance with Jewish law.

Community rabbis say all Torah scrolls and fragments being held by the Ukrainian State Archives must be returned to their original owners.

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Rabbi Yakov Dov Bleich, chief rabbi of Kiev, told JTA that objects must be returned to the largest Jewish communities -- Kiev, Dnepropetrovsk, Kharkov and Odessa. Bleich called the returns so far "a first small step" and said the Jewish communities continue to negotiate with the Central State Archives.

Aleksandr Sagan, head of the Ukrainian State Committee on Nationalities and Religions, told JTA that the objects must be used to help revitalize Jewish religious life in the country. Ukraine is home to the third-largest Jewish community in Europe, with 200,000 to 250,000 Jews.

## **#1e**

### **Russia, U.S., Europe Should Tackle Threats Jointly**

## **Interfax-AVN, March 23, 2009**

MOSCOW - Action against international terrorism, proliferation of nuclear weapons and other principal modern threats can only be effective if Russia, the United States and Europe combine forces for the purpose, a senior Russian analyst said on Friday.

"In July of last year, new guidelines for Russian foreign policy came out. The list of threats it contains, from international terrorism, the proliferation of nuclear weapons and drug trafficking to climatic threats, is absolutely identical for Russia, the United States and NATO as a whole. This means we cannot avoid partnership, if not alliance, in some form or other," Alexander Konovalov, president of the Institute of Strategic Assessments, told Interfax-AVN.

Konovalov argued that a planned Russian-U.S. summit in April would be an opportunity to solve long-standing problems in Russian-American relations, including missile defense issues.

"The Russian reaction to the deployment of a (planned) U.S. missile defense in Europe is well known. I think that what explains it is not so much a potential military threat as a moral aspect, so to speak: somebody is going to build something next door and is not letting us know," he said.

Konovalov argued that Russia, the United States and Europe would be able to join forces to set up a so-called Euro-Atlantic "security belt."

"We want to build a 'security belt' from Vancouver to Vladivostok. That is our Euro-Atlantic goal. Who is to build this belt? The European Union, Russia and the United States, which means that again we have to be together," he said.

There is no serious reason for Russian-U.S. relations to sour, Konovalov said.

### **#1f**

#### **Russia shares IAEA concerns on Iran's nuclear program - top MP RIA Novosti, March 25, 2009**

MOSCOW - Russia cannot consider Iran's nuclear program "transparent" while the UN nuclear watchdog still has concerns on this account, a senior Russian member of parliament said Wednesday.

The United States and other Western countries suspect Iran of secretly developing nuclear weapons. Tehran denies the accusations saying its nuclear program is purely civilian.

"We in no way close our eyes to what is happening in Iran, and cannot consider this program transparent while the International Atomic Energy Agency has related questions," the chairman of the Russian lower house international affairs committee, Konstantin Kosachyov, told a RIA Novosti press conference.

"Unlike the U.S., we consider the IAEA the only source of any generalizations, conclusions and recommendations," he said, adding that he expected talks on the issue to bear fruit in the future.

"I believe the Russian-American and Russian-European dialogue, as well as the dialogue between Russia and China and other Asian region states on the Iranian issue, will be more productive in the future, and that ultimately Iran will be included in it," he said.

### **#1g**

#### **Jewish groups call Oliphant cartoon 'anti-Semitic' JTA, March 26, 2009**

JERUSALEM -- Jewish groups have denounced a cartoon by a prize-winning political cartoonist as anti-Semitic.

Pat Oliphant's cartoon, published Wednesday, shows a headless figure goose-stepping while pushing a large Star of David with fangs and pursuing a tiny woman carrying a child labeled "Gaza." The syndicated cartoon appeared in newspapers around the world.

"Pat Oliphant's outlandish and offensive use of the Star of David in combination with Nazi-like imagery is hideously anti-Semitic," Abraham Foxman, the Anti-Defamation League national director, said in a statement. "It employs Nazi imagery by portraying Israel as a jack-booted, goose-stepping headless apparition. The implication is of an Israeli policy without a head or a heart. "

The Simon Wiesenthal Center said in a statement: "The imagery in this cartoon mimics the venomous anti-Semitic propaganda of the Nazi and Soviet eras. It is cartoons like this that inspired millions of people to hate in the 1930s and help set the stage for the Nazi genocide."

The Wiesenthal Center called on online media to remove the cartoon from their Web sites.

## **#1h**

### **Ukrainian commissioner: Act against racial violence JTA, March 26, 2009**

KIEV, Ukraine -- The Ukrainian Parliament's human rights commissioner called on mayors and deputies throughout Ukraine to act against racial violence.

Nina Karpachova on Monday urged the city officials to join a European coalition of cities working to counteract racism who have signed on to a general set of principles and actions against racial violence, ombudsman.kiev.ua reported.

According to Karpachova, racial violence increased sharply in the country of 46 million. She said there has been an increase in reported racially motivated incidents and victims in large cities such as Kiev, Lvov, Simferopol, Odessa, Vinnitsa, Donetsk and Kharkov. Several of the attacks have been perpetrated on Jews.

Karpachova said that this xenophobia is a threat to human rights and freedom in Ukraine

Ukrainian Jewish leaders concur with reports that foreigners in Ukraine live in a climate of fear because of increasing race-based attacks and murders.

## **#2**

### **Op-Ed: Straight talk on Durban By Felice Gaer JTA, March 22, 2009**

NEW YORK -- In all the deliberations over the U.N.-sponsored Durban Review Conference on Racism, the one abiding concern has been that the infamous first conference in Durban, South Africa, in August 2001, which degenerated into a cacophony of Israel baiting and outright anti-Semitism, will be repeated next month in Geneva.

Indeed, expectations for the Review Conference have been so low that both Canada and Israel pulled out early. In late February, the United States announced that it was disengaging, rapidly followed by Italy. Other major European Union states have indicated they might follow.

Yet in the flurry of Durban diplomacy in recent days, one important detail has been overlooked. Even as the United States extracted itself from the review process, it left the door slightly ajar, indicating it would accept a miracle, if an acceptable draft declaration appeared and met its conditions.

Specifically, the draft had to be shorter. It had to avoid singling out a particular country or conflict, as the draft being circulated was peppered with vilifying references toward Israel. It had to ditch the concept of “defamation of religions,” a smokescreen for the stifling of critical speech. Also, it could not reaffirm the 2001 Durban Declaration, which alluded to the Israeli-Palestinian conflict as a racial, not a political, one.

Lo and behold, the United Nations has produced a new draft seeming to meet those conditions. In actuality, however, there is still quite a way to go.

A revised, shorter draft, shepherded by the Russian chief negotiator, has dropped the attacks on Israel, including the grotesque “apartheid state” caricature. In fact, this new text contains no reference at all to the Middle East, Israel or Palestine. That is a major change for a United Nations that routinely and one-sidedly denounces Israel in resolutions and meetings devoted to almost any topic. Its abandonment flies in the face of those Islamic states, along with Cuba, that have tried to use the Durban Conference document to revive the equation of Zionism with “racism” first expressed in a 1975 U.N. resolution that was rescinded in 1991.

Gone, too, are the specific references to the “defamation of religions.” In effect, this would have amounted to a global blasphemy law to mollify those who rioted after cartoons about the prophet Muhammad were published in the Danish press in 2005. This “defamation” concept would empower religions (and those purporting to speak in their name) with the right to censor free speech, stripping a key democratic right of its purpose to protect the individual from abuse by the state.

All that is significant progress, and credit for it goes to the United States.

After President Obama’s inauguration, a 3-week-old administration dispatched myself and four others to evaluate the Review Conference preparations in Geneva. We conveyed the message that the conference must be redirected to its core purpose of addressing racial discrimination responsibly and constructively. In face-to-face conversations with 30 key ambassadors, we made our position crystal clear. In particular, we stressed that the culture at the United Nations, which regards Israel’s pariah status as somehow normal, has to be eliminated.

After our delegation’s return home, the United States announced that it would not negotiate or participate in a Review Conference based on the earlier draft document. It set out red lines for participation, some of which are now met by this document -- but not fully. The United States explained that the Review Conference must not reaffirm the 2001 Durban Declaration “as it was adopted” because of, among other reasons, its singular, obsessive focus on the Israeli-Palestinian conflict. (Unfortunately, the new draft cites the 2001 declaration more than 30 times in 17 pages.)

Moreover, while the term “defamation of religions” has disappeared, there is a sinister emphasis on “incitement” prohibitions as set forth in U.N. treaties that could have devastating consequences for freedom of expression. In several places, the document outlines how it will demand that states prohibit speech, communications, media and advocacy organizations that may contribute to “incitement” -- seemingly used here as little more than a code word for the “defamation of religion.”

The countdown to the Durban Review Conference has begun. While there is much to be done to counter bigots the world over, one thing is clear: Nations have finally begun to get the message that this conference was supposed to be a clarion call against the scourge of racism and it is not a place for settling political scores or a vehicle for any form of racism, including anti-Semitism. Above all, the Durban Review Conference must prevent incitement to hatred in the guise of criticism of one government.

no image specified

Felice Gaer is executive director of the American Jewish Committee’s Jacob Blaustein Institute for the Advancement of Human Rights. She was a member of the official U.S. delegation at the Durban review negotiations in Geneva in February.

**#3**

**Has Russia got its groove back?**

**The signs of recovery: Rising oil prices, soaring shares - and socialites out in force.**

**By Adrian Blomfield**

**Daily Telegraph, March 21, 2009**

With an air of perverse defiance, the vehicles of the rich were drawn up in gleaming rows along the embankment of the Moscow river. Drivers and bodyguards chatted in small groups between the fleet of sleek black BMWs and oversize Hummers. Inside Soho Rooms, one of Russia's glitziest nightclubs, their employers bopped to the music as go-go girls in high heels strutted along the window sills.

At the onyx bar, Andrei Gerasimov, a 27-year-old with a mop of thick brown hair, was in a quandary. Should he be buying his date a bottle of Mont et Chandon for J155 or should he impress her with the J1,230 Dom Perignon Rose? His head said the Mont - there is a financial crisis after all - but his libido pressed for Dom Perignon. It was the libido that won. Besides he had already paid J8,300 to reserve a VIP table. "You don't score on Mont," he said as he headed back to his evening's target.

An American photographer looked on and laughed. "Moscow has rediscovered its mojo," he said.

Just two months ago, Russia was suffering an economic meltdown on a scale unseen since the country defaulted on its sovereign debt in 1998. The rouble was the world's third worst performing currency. Oil prices had collapsed, industrial output was in freefall, many billionaires faced ruin, and the poor yet deeper misery. Yet amid the global economic gloom - and against the expectations of many - some optimists are seeing Russia as a possible bright spot once again.

The Russian stock market has grown faster than any of its international rivals, save the Chinese bourse, in the past three months, with shares climbing 20 per cent. The rouble has been stabilised, and although the Russian central bank spent over J160 billion to ensure it didn't devalue too quickly, the country still holds reserves of \$400 billion, the third highest in the world. Most importantly - and this is what is driving the optimism - oil prices have recovered from a low of \$35 a barrel to just over \$50 today - comfortably over the \$41 level on which the Russian budget is predicated.

With commodity prices in general recovering as China rebuilds its inventories, there is hope that Russia's export-reliant economy can withstand the global economic storm better than Western powers which remain dependent on the services and financial sectors. So has Vladimir Putin, Russia's canny prime minister, pulled off a remarkable escape, both for his country and his political career?

Earlier this year, his future was looking much bleaker. As unemployment soared and discontent grew, there were predictions that the crisis would undermine Mr Putin's popularity and even force him out of his job. There were also fears that Russia could descend into anarchy.

Signs of division between Mr Putin and Dmitry Medvedev, the man he shoehorned into the presidency after he became prime minister, prompted concern of an all-out war between the Kremlin's ever bickering factions. With democracy discredited as an ideology disastrously foisted on Russia by the outside world, and with popular resentment against the West stoked by the Kremlin in recent years, some commentators believed that Russians would embrace hard-line nationalism if Mr Putin was to fall.

Fiery speeches from politicians and a steady drip-feed of nationalist propaganda from state-run television raised fears that the economic crisis would increase social and racial tensions. According to polls, a majority support the rallying cry of the far right "Russia for the Russians". More disturbingly, the number of race-related murders has tripled over the past three years.

Yet the truth is that Russia's autocratic system has always been kept in check. The Kremlin prevents neo-fascist groups from organising a central leadership but gives them free rein to act as a pressure valve in society.

“The nationalist opposition is both controlled and created by the Kremlin,” said Yevgeny Ikhlov of the For Human Rights organisation in Moscow.

As the crisis developed there were signs that Mr Putin’s popularity was suffering. Yet his approval rating only slipped slightly, falling to 71 per cent last month. And while there have been protests, they have been restricted to individual cities and have concerned specific issues instead of spilling over into general discontent.

Instead Mr Putin’s government is winning grudging support for its handling of the crisis. His economically liberal finance minister, Alexei Kudrin, built up big enough reserves to manage the meltdown. The central bank’s policy of gradual devaluation, initially derided by economists because it caused Russia to fare worse than most of its emerging market rivals, is paying dividends, and has begun to ease the plight of exporters.

“Things did get bad but this is not 1998,” said Tom Mundy of Renaissance Capital, a leading Russian investment bank. “The Central Bank has shown itself to be robust, the [Putin-Medvedev] political tandem has held together and there are signs that things are beginning to get a bit better.”

In the streets of Moscow, there is a feeling of optimism. Restaurants and nightclubs are filling up, traffic jams are returning and the city’s ludicrously expensive supermarkets say business is good. The recovery has struck many by surprise - after all, the number of Russian billionaires has fallen by half over the past year and the millionaire class has arguably fared even worse.

However, Alyona Doletskaya, the editor of Russian Vogue, adds a note of scepticism. It is too soon for Russia’s elite to know with any certainty whether the worst of the crisis is over, she argues. Instead, many are adopting a devil-may-care attitude by choosing to party rather than to mope.

“There is a survivor trait in the character of the Russian personality. People have had this huge blow, realising that instead of having 15 billion, they now have five billion, or instead of having 50 million they have one million. But they understand that the way it was is not the way it will be. Life will go on in a different landscape and it will be fine.”

That may be the reason so few fashion designers have closed down in Russia. In Britain, a recession encourages people to save, but in Russia, it does little to dissuade them from spending or, as Ms Doletskaya puts in: “When Russians shop, we shop.”

So it may be that the rediscovery of confidence by Russia’s rich is a poor reflection of the real state of the economy. They are, after all, a tiny fraction of the population. And while some economic indicators are starting to improve, leaders in construction, real estate and retail sectors report no signs of improvement. The economy is still expected to contract by at least 2 per cent this year. It also remains vulnerable to the price of oil. More tellingly, there is no sign of improvement in the hundreds of Russian cities dependent on single industries. Millions of labourers have been forced to work shortened weeks for less pay as output continues to decline. So could signs of stability prove short-lived?

“Most of the experts think that this is a long-term crisis that will develop over the next two to three years,” said Andrei Maximov of the Institute for Modern Development in Moscow. “The acute phase of the crisis may be behind us, but we cannot say that the economic crisis in general is over.”

Mr Putin may have reason to smile, but he should not be laughing yet

#### **#4**

#### **Russia should not question Georgian, Ukrainian sovereignty - U.S. diplomat Interfax, March 20, 2009**

WASHINGTON - Russian should not pressurize Georgia and Ukraine and must respect their sovereignty, U.S. Assistant Secretary of State Daniel Fried said.

Russia must admit they are independent countries and that the cultural and economic ties are the reality, Fried said in an interview with Interfax.

The U.S. is concerned by Russia's attempts to prove that these countries are not entirely sovereign and that their sovereignty is limited, he said.

Russia's opposition to these countries' sovereignty is wrong and creates tensions, he said.

The U.S. does not like Russia trying to threaten Georgia and to stop it from joining NATO (North Atlantic Treaty Organization) or the European Union, said the high-ranking U.S. State Department official.

At the same time it would be impractical and wrong to try to stop or question the natural ties that have existed between Russia and its neighbors economically, culturally and historically, the diplomat said.

We are talking about any Russian claim to dominate over its neighbor and to force him against its will, Fried said.

Even Americans understand that Russia and Ukraine are tied by centuries-long relations, said the U.S. assistant secretary of state.

The Russian and Georgian cultures complement each other, generations of Russians were drinking Georgian wines, he said.

A Russian nobleman drank Georgian wines and then Borzhomi to cure the hangover, he joked.

The Russian and Georgian cultural relations are very deep, Fried said.

Russia must develop its ties on the basis of good neighborly human relations, he said.

Russia's constructive relations with its neighbors would be good for everyone, Fried said.

## **#5**

### **New Religion Law in Tajikistan Concerns USCIRF**

**U.S. Commission on International Religious Freedom, March 20, 2009**

WASHINGTON, D.C. - The U.S. Commission on International Religious Freedom (USCIRF) is concerned that Tajik President Emomali Rakhmon is preparing to sign a highly restrictive religion law – with numerous provisions that may violate Tajikistan's international legal commitments.

The law was hastily adopted by Tajikistan's Parliament earlier this month and it is before the president.

If signed, the law will legalize harsh policies already adopted by the Tajik government against its majority Muslim population, including the closure of hundreds of mosques and limiting the religious education of children. Moreover, the law will impose state censorship on religious literature, restrict the conduct of religious rites to officially-approved places of worship and allow the state to control the activities of religious associations.

"The picture for religious freedom in Tajikistan is growing dim," said Felice Gaer, Chair of the federally mandated, independent U.S. Commission. "The passage of this problematic new law could severely limit religious freedoms in Tajikistan. President Rakhmon must consider his country's international commitments as he considers whether to sign the bill."

Ms. Gaer noted that running rough shod over Tajik citizen's rights will not pass unnoticed.

“The Commission is actively examining the status of Tajikistan to determine whether it qualifies for the ‘Watch List,’” said Ms. Gaer. “We call on the Obama administration to make our concerns known.”

Tajikistan is a signatory of the U.N. International Covenant on Civil and Political Rights. Article 18 of the ICCPR provides for religious freedom. Also, Tajikistan belongs to the 56-state Organization for Security and Cooperation in Europe (OSCE) which has additional religious freedom commitments.

The new religion law places onerous restrictions on the Muslim community, such as limiting the number of mosques based on the number of local residents and imposing state interference in the appointment of imams. The preface to the law singles out the Hanafi school of Sunni Islam for its “special role” in the development of Tajikistan’s “culture and moral life,” downplaying the significance of the Shi’a Ismaili minority, which lives in Tajikistan’s Mountainous Badakhshan Region.

The law will also cause difficulties for Tajikistan’s other religious minorities by dramatically increasing the numerical threshold for registration requirements, as well as requiring the founders of a religious group seeking registration to certify that they have lived in their territory for at least five years and adhered to the religion. The law also requires that a religious community obtain consent of the Religious Affairs Committee to invite foreigners or attend religious conferences outside the country.

And there are other religious freedom concerns. The Tajik government has already closed many unregistered mosques and prayer rooms. While they are often permitted to reopen, in 2007-08 the government demolished three unregistered mosques in Dushanbe. The government also indirectly controls the selection of imams. Since 2007, the Ministry of Education has prohibited girls from wearing the hijab, an Islamic head covering, at public schools and universities.

Concerning minority faiths, the government continued to ban the activities of Jehovah’s Witnesses, as well as two Protestant congregations. Authorities continue their attempts to expropriate the property of Grace Sunmin Church in Dushanbe. In June 2008, the country’s only synagogue was bulldozed to clear the grounds for a new presidential palace in Dushanbe, and inadequate land was offered in “compensation.”

To interview a USCIRF Commissioner or expert on Tajikistan, contact Tom Carter, Communications Director at [tcarter@uscirf.gov](mailto:tcarter@uscirf.gov) This e-mail address is being protected from spam bots, you need JavaScript enabled to view it or (202) 523-3257. [tcarter@uscirf.gov](mailto:tcarter@uscirf.gov) This e-mail address is being protected from spam bots, you need JavaScript enabled to view it

The U.S. Commission on International Religious Freedom was created by the International Religious Freedom Act of 1998 to monitor the status of freedom of thought, conscience, and religion or belief abroad, as defined in the Universal Declaration of Human Rights and related international instruments, and to give independent policy recommendations to the President, Secretary of State, and Congress.

**#6**  
**Pushed To The Brink: A Belarusian Suicide**  
**By Kristin Deasy**  
**RFE/RL, March 19, 2009**

On a cold evening in early March, 69-year-old Neanila Palyakova wrapped herself in a shawl, bent down unsteadily to put on her shoes, and ventured out into the southern Belarusian city of Salihorsk to beg a psychoneurologist for a diagnosis of mental instability.

Palyakova was seeking the diagnosis for her daughter Yana, a 33-year-old lawyer and human rights activist due to stand trial the next day, March 3, on charges of slandering a police officer. Her mother hoped a medical diagnosis could help postpone the trial.

The case for medical diagnosis was also easy to make. Yana, under severe psychological stress in the weeks leading up to the trial, seemed increasingly unable to cope. Neighbors said she seemed shaken and unhappy. She refused offers of help; she didn't want to speak about the case, and seemed closed-off.

Neanila pleaded with the doctor, saying her daughter desperately needed a "rest." Yana couldn't sit still. She was afraid to go outside.

Even worse, she had threatened to hurt herself. Yana had said she "wouldn't want to live" if she was convicted, her mother told the doctor. Attending a trial while she was in such a vulnerable state, Neanila pleaded, "would cause her tremendous stress."

But the psychoneurologist was unmoved. Yana Palyakova was pronounced "healthy," stable enough to stand trial.

Neanila, who had already been similarly rebuffed by local prosecutors, felt there was nothing more she could do.

So mother hurried home to the tiny flat she shared with her daughter and their two pet dogs. It was late; she wanted to be with Yana the night before the trial. For weeks, the police had been taunting her daughter, calling her in for questioning. At 10:00 at night, 2:00 in the morning, sometimes even 4:00 in the morning, the phone would ring with a police summons or threats from unidentified men.

The women tried to joke about it. "See, Mother," Yana told her, "they're toying with me."

The trial the next day proved an open-and-shut case. Within hours, Yana Palyakova had been convicted and sentenced to a \$350 fine and 2 1/2 years under house arrest. Friends described her as "shocked."

Four days later, Neanila Palyakova opened the door to Yana's room and found her daughter hanging from a noose tied to a pipe running across the ceiling. She had been dead for hours.

Devastated, the grieving mother told RFE/RL that authorities had hounded her daughter to death.

"There was pressure from the authorities and from the prosecutor's office," she said, her voice breaking. "I told the police, I cannot and will not forgive anybody for anything. You are healthy young men, and she was a poor, weak girl."

## A Country Questioned

Life as an activist in Belarus is not easy. While the political "disappearances" that marked the dimmest days under strongman leader Alyaksandr Lukashenka have ended, activists and members of the opposition are still routinely harassed, beaten, and imprisoned on the slightest provocation.

Most recently, dozens of peaceful protesters gathered in central Minsk on Valentine's Day were beaten fiercely by police. Two days later, a Solidarity Day protest -- held on the 16th of every month to commemorate missing opposition leaders -- was broken up violently by riot police.

The wave of crackdowns comes even as the West is attempting to bring Belarus in from the cold. The European Union has suspended a travel ban on top officials, and is preparing to usher it into its Eastern Partnership initiative meant to gently extract six post-Soviet countries from Moscow's sphere of influence.

Within Belarus, Palyakova's suicide has raised angry questions -- is the country really ready for closer ties with the West? And what does the suicide of a 33-year-old activist say about life under Lukashenka, "Europe's last dictator"?

Opposition leader and former political prisoner Alyaksandr Kazulin says the case shows the lengths to which authorities will go in order to drown out critical voices.

"I think this shows the conditions people are living in. If a young woman cannot find another way out other than to kill herself, it means that she was led to this," says Kazulin, who organized a vigil in Minsk the day after Palyakova's death.

### Not Your Average Activist

Yana Palyakova was a bright, young lawyer and part-time political activist well known for her legal work and political projects in Salihorsk, where she worked for Legal Assistance to the Population, a local nongovernmental organization.

The organization's director, Aleh Volchak, says Palyakova "knew many people" and worked on a number of high-profile issues, including Kazulin's bid as an opponent to Lukashenka in the 2006 presidential election.

Kazulin, a one-time member of the political mainstream, became a sworn enemy of the regime during that race and in the public protests that followed Lukashenka's officially declared landslide. In July 2006, he was sentenced to 5 1/2 years in jail. The ruling drew criticism and sanctions from the West, and proved a profound political discomfort for Lukashenka.

Palyakova worked actively on Kazulin's behalf during his time in jail. (He was released after two years.) Volchak says Palyakova's involvement in the Kazulin case was the start of her run-ins with the authorities.

"The pressure on her started to be exerted when she began to work with us on the Kazulin case, after he was arrested," he says. "When she submitted a request to hold a demonstration for Kazulin's release, the cops staked out her apartment for two days."

Such intimidation tactics are not uncommon in Belarus. But they proved unnerving to Palyakova, whose fragile, sensitive nature set her apart from the defiant, bring-it-on activists around her.

Neighbors speak kindly about Palyakova but say she was "hypersensitive," like a "wounded child." One wrong word could bring on a long face, maybe tears.

She was vulnerable. And the authorities knew it.

Palyakova knew it, too. The long road to her defamation trial this month began in October, when she said she was beaten by a police officer who had called her in for questioning about political activities that included collecting signatures for Volha Kazulina, Kazulin's daughter, ahead of her unsuccessful bid in parliamentary elections the month before. She said the attack left her with multiple bruises and a nearly shattered hand.

"I'm in shock, I'm just in shock," she told RFE/RL at the time. It was not the first time she had been detained, but she said she felt the anger against her was mounting. "They've decided to finish me off, not physically but morally. I consider this moral pressure, an effort to destroy me. They're perfectly aware of my state of health."

Still, Palyakova fought back. She collected medical documents and filed a formal request demanding the beating be investigated. When the police denied her request, Palyakova upped the ante, taking her complaint to state officials in Minsk. Local officials filed a counter claim, accusing Palyakova of slander.

A systematic campaign of threats and questioning at police headquarters followed. So did random assaults, including a knife attack by a woman from her neighborhood. Some acquaintances think it was all more than her fragile personality could cope with.

Yana was a "very delicate, vulnerable person," says a coworker and friend, Zinaida Tsimosha. Perhaps she was someone who "should not have engaged in politics, but found some other occupation, like growing flowers, having children, or caring for her pet dogs."

Still, another acquaintance says, the kind of pressure Palyakova was under would get to anyone.

"Telephone calls in the middle of the night. These kinds of things were happening -- from the police," the friend says. "If you get telephone calls at three in the morning, even a mentally sound person might be driven to end things."

There are signs that Palyakova sought to use her fragile mental state as a bulwark against the authorities. Volchak told "Belorusskie Novosti" that Yana spoke publicly about suicide once or twice, hoping it would "make prosecutors, lawyers, and judges think before taking a decision."

'Baited' By Authorities?

Despite her obvious vulnerability, Palyakova often confused her supporters by rejecting their help.

When Helsinki Committee member Leanid Markhotka approached Palyakova and offered to help defend her slander case in court, he says she resisted. "No!" she cried, panicked. "We don't need to do anything!"

Markhotka says her reaction was "difficult to understand."

A trial witness said her decision not to appeal the conviction "left us all surprised."

But many in Salihorsk who had suffered their own run-ins with the authorities say the harassment inflicted with impunity by the police explained much of her behavior leading up to the trial -- and the suicide that followed.

"It's more than likely she was 'helped' along the way," says Maria But-Husajim, who turned to Palyakova for help when her husband was unjustly sentenced to life in prison. "She had probably just had enough and couldn't take it anymore, and they pushed her to do it."

Mikalaj Lebedz, who was helped by Palyakova after his 16-year-old daughter was raped and murdered, was also unfazed by the grim course of events, saying, "It's understandable to me who's behind this."

Helsinki Committee member Valery Shchukin, who was present at the trial, told the Charter 97 information website that the severity of the sentence -- 2 1/2 years under house arrest and a \$350 fine -- shocked Palyakova.

"I spent a day with her after the trial, and she kept repeating one thing: 'I am not going to be a prisoner,'" Shchukin said. "It's really a shock for a normal person. I remember the first time I was imprisoned. My wife was embarrassed to go out; my sentence seemed to be very shameful for her. Probably it was the same with Yana."

Minsk human rights activist Valyantsin Stefanovich agrees. The day before Palyakova's suicide, the country's largest newspaper, "Sovietskaya Belorussia," ran an editorial condemning Palyakova. The piece sought to discredit her work and claimed that all Palyakova did was sit around and drink espresso. (The editorial was pulled from the website the day after she died.)

"They baited her," Kazulin agrees. "They baited her because of her principles, for her convictions, for the ideals she believed in."

'Simply Horrible'

Palyakova's death has not gone unnoticed.

Some 100 people -- and one lonely opposition flag -- were present at her funeral on March 9 at a bleak, snow-covered plot in Salihorsk. Funeral wreaths from individual families and the Youth Front activist group were laid on her grave.

On March 13, the Belarus Helsinki Committee demanded that the Salihorsk court reopen Palyakova's case posthumously. In their submitted complaint, the group noted Palyakova's mental state as well as evidence that Palyakova had been systematically threatened and harassed in the days leading up to the trial.

Helsinki members also say the court proceedings were marked by blatant procedural violations, because prosecutors had strengthened the charges against her on the day of the trial. Belarusian law stipulates that defendants are given a five-day period to review new accusations, but "she didn't even have five minutes," Shchukin of the Helsinki Committee says.

After 10 days of deliberation, Salihorsk officials this week rejected the request for a fresh hearing, citing insufficient cause.

Palyakova's claim of being beaten -- now never likely to be proven -- led to her hanging. The pressure points that led the shy, dark-haired activist to a premature end lined up neatly for Yana Palyakova, like in a game of dominoes.

"What happened is simply horrible," says Stefanovich of the Belarus Helsinki Committee. "It reminded me of Soviet times, when the state system could just crush a single, weak, small person with all the force of its weight. We have many times and for many years been witnesses to the destruction of individuals -- not their physical destruction necessarily, but their moral annihilation. Not every person has the coping skills. This is the baiting of people, according to Soviet traditions. They operate in the spirit of a cold civil war."

Aleh Hruzdilovich of RFE/RL's Belarus Service and Ihar Karnei of RFE/RL's Russian Service contributed to this report

## **#7**

### **Russian President Welcomes Shift by U.S.**

**By Ellen Barry and Michael Schwitz**

**NY Times, March 21, 2009**

MOSCOW — With less than two weeks left before his first meeting with President Obama, Russia's president, Dmitri A. Medvedev, hosted a group of veteran American policy makers that the Russian news media have dubbed "the wise men," saying he welcomes the shift in tone coming from Washington.

"I hope this remarkable term 'reset,' which began to run through analytical commentary on Russian-American relations after the meeting between Mr. Lavrov and Ms. Clinton, will be able to reflect the substantial transformation we hope to achieve," Mr. Medvedev said in a meeting with Henry A. Kissinger and George P. Shultz, both former secretaries of state, former Senator Sam Nunn, and former Defense Secretary William J. Perry. "We are counting on this kind of 'reset.' "

He referred to Sergey V. Lavrov, the Russian foreign minister, and Secretary of State Hillary Rodham Clinton.

After repeated, if cautious, assertions of optimism about improving relations, the meetings on Friday seemed to lay the groundwork for concrete acts. After Mr. Obama and Mr. Medvedev meet on April 1, the two governments will have nine months to extend or replace the 1991 Strategic Arms Reduction Treaty, or Start I. A few months after that, both Russia and the United States will have to report on their compliance with the treaty, which ultimately eliminated 80 percent of the two countries' strategic nuclear weapons.

Sergei Ryabkov, Russia's deputy foreign minister, said at a news conference on Friday that Russia is ready to "begin full-format talks" on Start I as soon as their American counterparts have received approval from the United States Congress. Mr. Ryabkov said Russian negotiators believed that a new agreement could be ready by December.

"We are confident that the lowest point of the cool-down period in our relations has passed," he said, according to the Interfax news service.

Igor S. Ivanov, a former Russian foreign minister, said he believed that arms reduction was the most straightforward of the various negotiations ahead of the two governments, which have clashed in recent years over planned missile defense facilities in Poland and the Czech Republic, the war in Georgia and NATO expansion.

"We cannot let one issue block the rest of them," Mr. Ivanov said, after meeting with Mr. Kissinger's delegation as part of a joint American-Russian working group. "Where there is the possibility of progress, we should move forward."

As the meeting between the presidents draws near, he added, "there are big expectations — and this is understandable."

Mr. Nunn, who attended the same meeting, characterized the relationship between the countries as "a race between cooperation and catastrophe." He added: "I think with the leadership of President Obama and your president, we are going to see cooperation."

Despite the hopeful talk, it was clear on Friday that major policy differences remained. At his news conference, Mr. Ryabkov said that Russia had no concerns about Iran's developing nuclear weapons — undercutting hopes that Russia would join American efforts to put pressure on Tehran.

Russia on Friday also formalized agreements that allow for a permanent Russian military presence in South Ossetia and Abkhazia, territories that Russia has recognized as sovereign nations but that the United States considers to be part of Georgia.

## **#8**

### **US Knows Pretty Well Jackson-Vanik Amendment Is Absurd - Deputy FM Itar-Tass, March 21, 2009**

MOSCOW -- It would make no sense to explain to Russia's US partners over and over again how absurd the Jackson-Vanik amendment really is, Russian Deputy Foreign Minister Sergei Ryabkov told a news conference at ITAR-TASS on Friday.

According to the senior diplomat the Russian Foreign Ministry was in the process of working on a package of documents for the meeting of Russian and US leaders in London on April 1.

"The world financial crisis and the meeting in the G20 format is a natural environment for a bilateral discussion of all crucial issues at the presidential level," Ryabkov said. "Alongside this there are a number of themes from the economic sphere that are purely bilateral ones, having no bearing on global affairs."

"Some themes in that group one should feel awkward even to mention," Ryabkov said. "The cancellation of the Jackson-Vanik amendment is one." (The Jackson-Vanik amendment, introduced in the 1970s and named for its major co-sponsors, denied the most favored nation status to certain countries with non-market economies that restricted emigration rights - Itar-Tass).

"The existence in the US legislation of an amendment that was applied in retaliation for restrictions on the emigration of Soviet Jews to Israel at a time when we have long had a visaless regimen in relations with Israel is absurd," he said. "Speaking about this and explaining such things to our American partners a hundredth time would probably make little sense. They are perfectly aware that this is rather their cup of tea."

The senior Russian diplomat said Russia and the United States had other issues regarding bilateral cooperation.

"We would like to diversify trade, to better develop investment processes," the diplomat said. "There are some considerable achievements in these spheres."

In part, Ryabkov pointed to the capital investments Russian companies had made into the US economy over the past few years.

"We have quite a few stories of this sort to tell," the deputy foreign minister said. "We are now working on this stuff. Next, it will be up to the presidents to decide what things they would feel more interested to discuss."

**#9**

**Georgian Opposition Members Held on Arms Charges**  
**By Ellen Barry from Moscow, and Olesya Vartanyan from Tbilisi**  
**New York Times, March 24, 2009**

Georgian authorities on Monday arrested nine members of an opposition party on weapons charges, as tensions mounted ahead of April protests that will call for President Mikheil Saakashvili to step down.

Shota Utiashvili, a spokesman for Georgia's Interior Ministry, said 10 people had been arrested. He showed surveillance video of five men buying automatic weapons and discussing future arms purchases, saying the suspects were "different people from different groups."

"There was no political reason to have them arrested," Mr. Utiashvili said.

Of the 10 men who were arrested, nine were associated with the Democratic Movement -- United Georgia, which was founded by Nino Burdzhaneladze, a former speaker of the Georgian Parliament. One man worked as a driver for her husband.

At a news conference on Monday, Ms. Burdzhaneladze said the government was using "dirty and shocking methods" to stifle opposition, and she asked foreign diplomats and nongovernmental organizations to monitor the developments. "Please don't be surprised if today or tomorrow they find narcotics in my pocket, or if they find, if not nuclear weaponry, at least chemical weaponry at my house," she said.

Georgia's fragmented opposition began gathering its forces within weeks of the August war with Russia, but the conflict bolstered popular support for Mr. Saakashvili and early protests have passed with little effect. Opposition leaders are hoping that public opinion shifted over the winter, and scheduled an April 9 event on the 20th anniversary of huge anti-Soviet demonstrations in the capital, Tbilisi, that left 19 dead and hundreds injured.

Authorities are jittery, and have focused special attention on associates of Ms. Burdzhaneladze, a longtime Saakashvili loyalist who publicly broke with him last year. Two weeks ago, the Interior Ministry claimed a member of Ms. Burdzhaneladze's party had thrown a hand grenade during a march, destroying a police car.

Ms. Burdzhaneladze, a crucial partner of Mr. Saakashvili's during the Rose Revolution that brought him to power, always cut a reserved figure beside the firebrand president. Though she has a high profile internationally, her slow and deliberate style of decision-making has handicapped her in the kinetic political environment of post-Soviet Georgia.

She said the surveillance videotapes, which aired on all of Georgia's television channels, did not prove that party activists were plotting violence.

"We all know how tapes like these have been made," she said. "We want to know when this video was made, in what context, were they edited or not, or were there any shots inserted."

An Interior Ministry statement said the police had been monitoring "several criminal groups" who were seeking to buy weapons illegally. The statement said the video "partially presents evidence confirming the guiltiness of the detained people."

In recent days, top Georgian officials have charged that Russia is financing opposition groups in hopes of toppling Mr. Saakashvili's government. At a parliamentary hearing on Friday, Georgia's chief of intelligence, Gela Bezhuashvili, said leaders in Moscow had decided not to resume a military campaign, but instead "remove the Georgian authorities through internal disorders and destabilization."

Among Russia's goals is to create "permanent hotbeds of tension and acts of provocation to cause political and economic destabilization in Georgia," he said, in comments that were broadcast on the Imedi television channel.

The comments were met with angry words from Irakli Alasania, a former ambassador who split with Mr. Saakashvili in December over the war and now heads the Alliance for Georgia Party. Mr. Alasania published a written appeal to Mr. Saakashvili to provide "in the next few days" evidence that opposition groups were financed by Russia.

"If you fail to do so, we will consider that they are nothing but a groundless P.R. campaign, which only aims at scaring the society and discrediting opposition," the statement read.

## **#10**

### **Blowing Both Hot and Cold**

**By Dmitry Trenin**

**Moscow Times, March 24, 2009**

Treaties do not make relations but only serve to codify them. The European security treaty proposed by President Dmitry Medvedev in June would probably have to repeat most things contained in a plethora of international documents, from the 1975 Helsinki Final Act and the 1990 Paris Charter for a New Europe to the 1999 Organization for Security and Cooperation in Europe charter.

Medvedev's preference for a document that is signed and duly ratified is understandable. He is a trained lawyer, after all. Medvedev's goal, however, is not to add another piece of paper to the pile. What the Kremlin actually wants from Washington are formal assurances that NATO will not cross further into former Soviet republics. It also wants U.S. plans to deploy elements of a missile defense system in Central Europe to be either scrapped altogether or redesigned as part of a fully transparent, joint endeavor shared by Russia, the United States and Europe. Is this a realistic goal?

As the global economic crisis intensifies, the issues underlying the 2008 near-collision between the United States and Russia -- NATO membership prospects for Ukraine and Georgia and the "frozen conflicts" in the Caucasus -- have moved off center stage. Thus, for all intents and purposes U.S.-Russian detente has already occurred, seemingly without a major effort by either side.

The problem with detentes, of course, is that they are transient conditions as long as the fundamentals of relationships remain unchanged. It is fully conceivable that Georgia and Ukraine -- both the dog that bit and the one that only barked -- can make a comeback with a vengeance, producing another crisis in the future.

To forestall that, Moscow blows hot and cold. On the one hand, Medvedev, by offering help on Afghanistan and expressing concerns over Iran, suggests he is ready for a deal with U.S. President Barack Obama.

On the other hand, others in Moscow make it clear that failure to accept the Kremlin overtures would result in Russia's strategic bombers becoming frequent flyers to the Caribbean and Ukraine degenerating into a latter-day version of Yugoslavia. But this is mostly bluff. Although it cannot realistically hope to force Washington into a shotgun marriage, Russia bolsters its enticements with warnings about placing Iskander missiles in Kaliningrad or sending strategic bombers and warships to Latin America. But the Pentagon is neither impressed nor intimidated by Russia's saber rattling.

At the same time, the White House and the State Department genuinely aspire to "reset" the troubled relationship, but they have yet to set down priorities, develop a strategy and think through the tactics. It was

good that top U.S. officials addressed Russia in the first weeks of Obama's presidency, but it is not clear how much staying power they have on that track.

Moscow's one problem is that it can neither beat the West nor join it. An additional issue is that it both seeks to be part of Europe and stay apart from it. Another sign of its schizophrenia is that Russia tries to imitate the United States even as it publicly reviles the very things it imitates.

Therein lies Russia's fundamental difference with China. Russia is not as self-assured as its great neighbor, nor is it as clearly defined as a nation. Since Russia is not a distinct civilization or a world unto itself, it cannot seriously expect to be a power center on par with China -- or the United States for that matter. Thus, Russia's noninclusion into the European security architecture is a problem, while China's absence from the U.S.-led system of security arrangements in Asia is not.

Indeed, Russia has many thorny issues it needs to work out -- not only in terms of its own self-identity but with its neighbors and the United States as well. As far as European security at the start of the 21st century is concerned, this is a problem of the same importance as the Germany problem of the first half of the 20th century, or the Soviet and Communist problems in the second half of the 20th century.

Solutions to such problems require vision. Russia's goal is to live peacefully alongside its neighbors -- including Ukraine and Georgia-- embedded within a new European security compact that allows for complete demilitarization of relations among its participants. This model implies stable, peaceful relations with both Ukraine and Georgia -- ideally, the kind of relations that Russia enjoys with Finland. For the Kremlin, the key to achieving this is to remove the political and military threats -- perceived or otherwise -- that cause so many problems for Moscow, while at the same time creating a new pan-European alliance that would be capable of jointly tackling 21st-century security problems. A parallel vision is Russia and its neighbors forming a common economic space with the EU, complete with a political cooperation mechanism -- a de facto European confederation. Taken together, this calls for no less than 21st-century equivalents of the NATO and the European Economic Community.

Vision is vital for strategy. Its key objective is mutual confidence building through practical problem solving. Letting the EU, rather than NATO, assume the leading role in the former Soviet borderlands would help establish a degree of political confidence. Taking a fresh look at the potential for serious U.S.-Russian cooperation on ballistic missile defense systems would expand confidence to difficult security issues. Implementing the bilateral agreement on nuclear energy cooperation, helping finalize Russia's accession to the World Trade Organization and conferring a normal trading status for Russia would seriously expand the economic basis of the relationship.

Bilateral relations will continue to focus on Iran, the salient foreign policy issue for the Obama administration. Washington does not need Moscow to strike at Iran, but to negotiate with it, Russian cooperation is essential. The next 10 to 12 months could be crucial not only with respect to what happens between Iran and the United States, but also to what might be expected of the U.S.-Russian relationship. Serious diplomacy requires tradeoffs, but diplomatic trading makes no sense if it is divorced from a long-term vision and strategy.

*Dmitry Trenin is director of the Carnegie Moscow Center.*

**#11**

**Russia Adjusts to a Downturn in Commodities by Looking Inward**

**By Andrew E. Kramer**

**New York Times, March 24, 2009**

MOSCOW - After years of coasting on high commodity prices, the Russian government is now acknowledging it will need to get by on a much diminished revenue stream for the foreseeable future.

At the same time, economic policy officials here are striking an upbeat note, saying declining oil income is likely to spur growth in other areas of the economy.

Still, like an investor waking up to big losses, the new reality for Russia set in this week when the government, after some delay, introduced a budget that was deeply in deficit after years of huge surpluses.

Igor I. Shuvalov, a deputy prime minister, said on Friday that the government was not waiting for global commodity prices to recover but instead was laying plans to bolster economic growth outside of the industries that had been behind so much of the recent prosperity. Policies to this end include stimulus money in the budget, support for small and medium-size businesses, a new emphasis on improving labor productivity and an exchange rate favoring domestic producers over importers.

Also last week, the economic development and trade minister, Elvira S. Nabiullina, told a government meeting that she expected the first growth to come from companies that sell to domestic customers rather than exporters. Internal demand, helped by government spending drawn from oil windfall money salted away in past years, could result in economic expansion.

Ms. Nabiullina predicted growth of 2 to 4 percent next year. The government has forecast a 2.2 percent contraction this year.

Growth, she said, "will not only depend on the degree to which the global economy improves, but on an increase in the efficiency and competitiveness of the Russian economy," the Interfax news agency reported.

Russia's lower house of Parliament, the State Duma, is scheduled to consider the budget on April 6, the speaker of the house, Boris V. Gryzlov, was quoted as telling reporters in Moscow on Monday.

Russia's main stock exchange had a rare bounce on Monday, although traders attributed it more to a higher oil price. The Micex index gained 7.29 percent, recovering a bit of the 80 percent or so it has lost since last year.

While independent economists have been skeptical of Russia's chances of recovery without a return to high oil prices, crisis has proved an effective stimulant for reform here before.

After the 1998 financial crisis, a devaluation of the ruble spurred industrial recovery even before oil prices rebounded. In the wake of that disaster, the Russian government also passed sweeping economic reforms, including a flat tax. Russia's two most intense eras of economic reform -- the initial post-Soviet privatizations in the early 1990s and the period after the 1998 collapse -- both followed crises.

Policy makers are again focusing on some of the silver linings of low oil prices for Russia, said Mr. Shuvalov, who is among a group of liberal economists in Prime Minister Vladimir V. Putin's government.

"I won't say we feel comfortable, but we feel confident," Mr. Shuvalov said, assessing the government's view of the economy. "Even without high prices for oil, metals and gas, we can achieve new growth."

Still, Russia depends deeply on oil. That was also on display this month.

The government was compelled to rewrite a budget for 2009 that had been based on an estimate that oil would average about \$95 a barrel this year. The new budget estimates oil at \$41 a barrel, with a deficit of about 8 percent. Oil was trading above that Monday, with the benchmark Brent crude at \$53.50 a barrel in London.

By tapping an oil windfall fund built up during the boom, however, the government will increase spending slightly compared with what had been planned. The new money will be directed at industries with large numbers of employees, preventing unemployment but also stimulating consumer demand inside Russia, relieving the economy's reliance on exports.

"There's no point hoping for high oil revenues in the near future that would solve all of our problems at once," Mr. Putin conceded when he introduced the new spending plan.

Russian officials have been discussing the need to diversify the economy away from oil for years, and little has come of it. Roland Nash, the chief analyst at Renaissance Capital, said the new emphasis on this theme was welcome but would not solve Russia's problems quickly.

Even by the standards of the global slowdown, Russia has fared badly. In addition to the steep decline in the stock market, investors have pulled tens of billions of dollars out of the country and the economy is projected to shrink this year for the first time in a decade. Foreign investors began to flee even before the downturn, as some industries were effectively nationalized under Mr. Putin.

No matter how deft the policy making now, Russia will struggle to overcome these setbacks without higher commodity prices, Mr. Nash said. "They've managed it well," he said. "But the crisis is not of their own making. Until global markets stabilize, the best they can hope for is to manage the volatility."

## **#12**

### **Levin: US and Russia should unite against Iran**

**By Robert Burns**

**Associated Press, March 23, 2009**

WASHINGTON -- Missile defense will be at the center of a new set of security talks between Washington and Moscow and could become "a positive political tool" rather than an impediment to better U.S.-Russian relations, a leading Senate Democrat said Monday.

If the U.S. and Russia set aside differences on missile defense and began cooperating against Iran they could make a decisive difference in weakening Iran as a missile threat, Sen. Carl Levin, chairman of the Senate Armed Services Committee, told a defense conference in Washington.

But Rep. Ellen Tauscher, D-Calif., who is expected to be nominated soon as arms control chief at the State Department, told the conference that the threat of a future Iranian long-range missile is not a sufficient reason to build the U.S. missile defense in Europe as proposed by the Bush administration.

Russia strongly opposes a plan crafted by the Bush administration → now under review by the Obama administration → to place U.S. missile interceptors in Poland and a radar system in the Czech Republic. The stated purpose is to defend Europe against an anticipated Iranian long-range missile threat.

Notably, Levin did not suggest that the Obama administration bargain away the Bush-era plan for extending U.S. missile defenses to eastern Europe. There has been speculation that President Barack Obama might offer to scrap that plan in return for Russian help in persuading Iran to end its nuclear program.

Instead Levin argued for the start of U.S.-Russian cooperation on defenses against Iranian missiles.

"Even if we were simply to begin serious discussions on the subject (it) would send a powerful signal to Iran," Levin said. "Iran would face in a dramatic way a growing unity against her pursuit of dangerous nuclear technology."

Tauscher cautioned that the old Bush-proposed system would provide "little, if any" protection for countries that are vulnerable to Iran's existing arsenal of short- and medium-range missiles, which she described as the largest in the Middle East.

Iran is "a ways away" from acquiring longer-range missiles that could hit the U.S. and Europe, Tauscher said.

Levin cited two matters the United States and Russia could take up immediately: a previous Russian offer to share data from an early warning radar in Azerbaijan, on Iran's northern border, and a never-executed U.S.-Russian agreement to open a facility in Moscow for sharing missile-related data.

"We have a new opportunity to seek a cooperative approach with Russia on missile defense, and we should seize it," Levin said. "The upside potential of such an effort is huge – a geopolitical game changer."

Speaking at the same conference, Gen. James E. Cartwright, vice chairman of the Joint Chiefs of Staff, said those who develop U.S. missile defenses must take into account the fact that adversaries are increasingly likely to use means other than traditional ballistic missiles in any attack on U.S. interests.

"Ballistic missiles are about as passe as e-mail," Cartwright said. "Nobody does it anymore."

Instead the emerging threat is missiles that can be maneuvered in flight and missiles that remain inside Earth's atmosphere, Cartwright said.

Missile defenses must be flexible and adaptable enough to be useful against a range of threats, he added.

### **#13**

#### **For Russia, More Than A 'Reset'**

**By Anne Applebaum**

**Washington Post, March 24, 2009**

"Press the reset button." Is there any phrase more enticing in the modern lexicon? We all know what it means: Press the reset button, watch your computer reboot, and presto! A nice, clean screen appears, and you start again from scratch.

Yes, it's a wonderful feeling, pressing that reset button. Unfortunately, it is also a deeply misleading, even vapid, metaphor for diplomatic relations. First deployed by the vice president -- Joe Biden told a security conference in February it was time to "press the reset button" on U.S. relations with Russia -- it was then repeated by the president, who spoke of the need to "reboot" the relationship as well. Earlier this month, Hillary Clinton even presented her counterpart, Russian Foreign Minister Sergei Lavrov, with a red "reset button" to place on his desk. Despite an unfortunate mistranslation (the Russian word on the gift actually meant "overcharge," not "reset") they smiled and pressed the button together for the cameras.

It would be nice, of course, if U.S.-Russia relations really had been frozen as a result of irrelevant technical complications and could begin afresh. Unfortunately, while America may have a new president, Russia does not. And while America may want to make the past vanish -- as a nation, we've never been all that keen on foreigners' histories -- alas, the past cannot be changed. The profound differences in psychology, philosophy and policy that have been the central source of friction between the American and Russian governments for the past decade remain very much in place. Sooner or later, the Obama administration will have to grapple with them.

Anyone who doubts the truth of this need only look at remarks Lavrov himself made last weekend in Brussels, where he presented a vision of the world utterly unchanged by the events of Jan. 20. Speaking to past and present policymakers -- several of whom had helped dismember the Warsaw Pact and expand NATO in the 1990s -- he offered his own version of those developments, as well as of some more current. Among other things, he said, or implied, that the West lied to Russia; that NATO remains a threat to Russia; that the Organization for Security and Cooperation in Europe should replace NATO as the primary Western security organization; and that, by the way, Russia has plenty of potential clients for its gas in the Far East should its Western clients ever become problematic. As for Russia helping to prevent Iran from developing nuclear weapons -- an Obama administration suggestion -- Lavrov's only comment was that "there is no proof that Iran even has decided to make a nuclear bomb."

The transcript of his remarks, and those of other Russians attending the same conference, do not capture their snide tone, or the scorn with which they dismissed suggestions that Russia's neighbors might have wanted to join NATO because they were afraid of Russia. To return to the metaphor: If that is how the Russian government sounds after pressing the reset button, I'm not sure that the technical complications that caused the screen to freeze have gone away.

Nor is this true of Russia alone. Any president can legitimately call for a fresh start in his relations with the world, and none more so than this president, who replaces an unpopular predecessor. Sooner or later, however, Barack Obama will also have to make hard decisions about regimes that oppose U.S. policy for reasons deeper than dislike of George W. Bush. If Russia persists in its occupation of Georgia, do we accept it? If Russia uses its energy policy to blackmail Europe, do we go along with that, too?

The rest of the world is no different. It's a fine thing to open diplomatic relations with Iran or Syria -- I've always thought it extremely stupid that we have no embassy, and thus no resident intelligence officer, in Tehran -- as long as we remember that talking itself is not a solution: Sometimes more "dialogue" reveals deeper differences. It's also a fine thing for the president to issue greetings on the occasion of the Persian new year, but that might not dampen the popularity of Iran's nuclear program among both adherents and opponents of its current government. What then?

I do realize that these are early days. The traditional, deadly struggle between the State Department and the National Security Council for influence is only just getting underway, and the president has other things on his mind. But the gift of a "reset button," however translated, was a not a good beginning. If this administration thinks it can transform America's relationships with Russia or anyone else with the flick of a switch and a change of rhetoric, it is living in a virtual reality, not a real one.

## **#14**

### **The Obama Administration and the Former Soviet Union Stratfor.com, March 23, 2009**

Editor's Note: This is the seventh piece in a series that explores how key countries in various regions have interacted with the United States in the past, and how their relationships with Washington will likely be defined during the administration of U.S. President Barack Obama.

U.S. President Barack Obama's administration seems to be largely focused on South Asia and the Middle East. Yet one of Washington's biggest challenges will come from its old foe: Russia. Obama's team must make some major decisions regarding Russia and American influence in Eurasia → decisions that will affect not only U.S.-Russian relations but also future dynamics in Europe, the former Soviet Union and many other regions.

#### **Russia's Geographic Position**

In a nutshell, Russia is a large, untenable landmass that not only is difficult to hold together but also sees itself surrounded by enemies and other great (or potentially great) powers. The country's core → where most of its population and commerce are concentrated → actually consists of only the Moscow-St. Petersburg corridor and the surrounding European Russian regions up to the Ural Mountains. The only geographic barrier separating this core from both Europe and the Middle East is distance. The core is also disconnected from Russia's wealth of resources, which lie beyond the Ural Mountains in Siberia → making the use of Russian resources very difficult and pricey, given the costs of transport and of operating in Siberia's marshlands and frozen tundra.

Russia → the largest country in terms of landmass → has difficulty being a land power because of its sheer size. Its land and sea borders are impossible to defend effectively, leaving the country very vulnerable to invasion. Because Russia is surrounded by countless countries and superpowers, it is constantly concerned about security. Its main focus, of course, is protecting its core; its south and east are its secondary focus. In order to fully protect itself, Russia must have a buffer zone surrounding it almost entirely, keeping other powers and threats at bay. This means Russia must conquer (or at least influence) a ring of states surrounding European Russia, the Caucasus and non-European Russia. This imperative led to the organization of the Soviet Union and its Warsaw Pact bloc, and it is now driving Russia to reassert control over the former Soviet states.

Russia wants to be a world power, but it must protect itself before extending its reach beyond its immediate sphere of influence. And since the collapse of the Soviet Union, Russia has lost a lot of ground, with Western

powers (particularly NATO and the European Union) expanding into its realm. Therefore, Russia faces the task of reasserting control over its former Soviet states while pushing Western influence out of those states.

### The Bush Administration and Russia

At the beginning of the Bush administration, it seemed as if a new era of U.S.-Russian relations was dawning. When U.S. President George W. Bush met with Russian President Vladimir Putin, Bush said he “looked the man in the eye” and “was able to get a sense of his soul.” Putin (now Russian prime minister) was the first head of state to call Bush after the 9/11 attacks in the United States, and he was quick to offer Russia’s support.

But there was an inherent problem with this new friendship: Neither country truly trusted the other, no matter the rhetoric. Russia had too much work to do in order to secure its strength and its future, and the United States never wanted to see a strong Russia again. At the time, Russia was a weak, fractured and crumbling state that needed time to consolidate internally. Furthermore, once it was stronger (which would take years), Russia needed the United States to be preoccupied enough to allow Moscow to resurge onto the international scene. This opportunity would arise when the United States became too bogged down with its wars in Iraq and Afghanistan to prevent Russia from pushing back against Western influence in its border regions.

But while the Bush administration was focused on its wars, it did not allow Russia free rein in Eurasia. Bush pledged to those states in Russia’s sphere – especially Poland, Ukraine and Georgia – that the United States would protect them from their former Soviet master. Under the Bush administration, Washington did much to secure these states and solidify Western influence there, but there are four moves in particular that stand out in Moscow’s mind:

The Bush administration started its strategic moves into the former Soviet sphere by placing military bases in Central Asia in 2001. The bases were meant to support the U.S. effort in Afghanistan, but they also served to infiltrate a territory where the West had not had much influence. Involved in one war and about to begin another, the United States was not thinking foremost about countering a resurgent Russia. But the war in Afghanistan gave Washington an excuse to achieve its long-term goal of capping Russia’s influence in Central Asia, where Russia had long been the sole power (although the West and China had dabbled in the region). Now, the United States was setting up permanent ties in the region (and military ones at that).

Next, starting in 2002, Washington entered negotiations with many Central and Eastern European states about placing ballistic missile defense (BMD) systems on their soil. Washington’s rationale was that they would protect against a strike from Iran. The move would place U.S. military installations in Central Europe, essentially moving the Warsaw Pact line from Germany eastward. In 2004, the United States ushered the three former Soviet Baltic states – Lithuania, Latvia and Estonia – into NATO. This put NATO on Russia’s border and a stone’s throw from St. Petersburg – a nightmare for Moscow.

The United States then demonstrated its commitment to Georgia and Ukraine after the two former Soviet states had their pro-Western revolutions (the 2003 Georgian Rose Revolution and the 2004 Ukrainian Orange Revolution). It did this by pushing for the two states to be quickly put on the path toward membership in Western organizations like NATO. The United States fiercely maintained this push despite the fact that other NATO members did not want to face Russia’s ire should they agree to accept the two states as members. At present, the debate over further NATO expansion is heavily contested among its members, who allowed the Baltics to come in while Russia was still passive and weak but have had second thoughts about Georgia and Ukraine since Russia has become stronger and more assertive.

While Russia perceived them as genuine threats, these four moves actually helped Russia counter the United States. There was no question about who was behind them or whether Washington had NATO’s unanimous support. Moscow knew the moves were all led by Washington, which had discounted much of NATO’s concern over riling a resurgent Russia. Moscow also realized the power of fracturing the trans-Atlantic alliance into three main parts, each with its own strategic interests – the United States, Western Europe and Central/Eastern Europe. This awareness also helped Russia fracture the European Union.

From the Kremlin's point of view, the Bush administration betrayed it by heralding American-Russian friendship while making the first moves to undermine a Russian resurgence. Bush drew many lines in the sand and agitated Russia almost to the point of igniting a new Cold War – at least in Moscow's view, though it certainly contributed to the tensions by reasserting itself on the international stage. Russia understood what the Bush administration was attempting to achieve – a permanent break in Russia's influence abroad so that it could never call itself a world power again. Moscow also understood that the United States was using an old Cold War handbook to find Russia's pressure points.

Today, with the Obama administration in place, Moscow wonders if priorities have truly changed in Washington and, if they have, how it can use this transition to regain control in its near abroad and fully achieve its geopolitical goals.

## Russia's Goals

Though Russia has many things it would love to demand of the new Obama administration, there are four key areas of concern: NATO's expansion and influence in former Soviet states, renegotiating the Strategic Arms Reduction Treaty (START), U.S. BMD in Europe and the U.S. presence in Central Asia. The first two issues are the most critical for Russia, which believes it must preserve its buffers and maintain nuclear parity with the United States if it intends to survive as a nation-state.

Beginning in 1999, when it accepted Poland, the Czech Republic and Hungary as new members, NATO expanded into former Warsaw Pact states. These particular states were not exactly pro-Russian and were looking for heavyweight protection against Russia. It was a NATO expansion in 2004 – when Slovenia, Slovakia, Bulgaria, Romania and the former Soviet states of Latvia, Lithuania and Estonia joined the alliance – that shook Moscow to its core.

Today, the even more critical former Soviet states of Ukraine and Georgia are on the path toward NATO membership. If either of these states actually became part of the alliance, NATO would be positioned to undermine Russia's fundamental ability to defend itself and would be able to strike at the country's core. Moscow is looking for a firm agreement from Washington that it will not expand to Ukraine or Georgia – as well as an understanding that, although the Baltic states are members of NATO, Russia still wields more influence in these three small, difficult-to-defend Eastern European countries.

One state that is not yet on NATO's agenda but may be at some point is Finland. This state has long maintained neutrality to avoid having to choose sides against Russia, its largest trading partner and with whom it shares its longest border. Finland's Scandinavian neighbor, Sweden, is considering joining NATO and, if it does, Finland could follow suit. Although Russia does not view Finland as a potential NATO threat, Moscow could move quickly to block its membership in the alliance by leveraging the many tools at its disposal (trade, energy, security) if it ever looked like it might become one.

The 1991 START treaty was a Cold War-era arms reduction treaty that was highly specific and contained rigorous declaration, inspection and verification mechanisms. Since the collapse of the Soviet Union, Washington has become disillusioned with this sort of arms agreement, concerned as it is about being locked into bilateral arrangements with one country while another – China, say – starts ramping up its nuclear arsenal. But this does not mean that the transparency of the START framework does not have value, and both the Kremlin and the White House are interested in further reductions (even beyond those called for by 2012 in the 2003 Strategic Offensive Reductions Treaty).

Russia considers arms control of central importance. With a decaying arsenal, the Kremlin relies on treaties like START to lock the Pentagon into a bilateral strategic balance. Russia simply does not have the resources (money or technical skills) to compete in another arms race. For Russia, a renegotiation of START, which expires at the end of 2009, is all about long-term survival; nuclear balance has come to play an increasingly central role in ensuring Russian sovereignty and territorial integrity.

The other two issues on Russia's agenda – U.S. BMD efforts in Europe and U.S. meddling in Central Asia – are not as critical as the first two, but they are being packaged into some sort of grand agreement in

negotiations now under way between Moscow and Washington. For Russia, the BMD installations slated for Poland and the Czech Republic are more about the precedent they set for U.S. military troops on the ground in former Warsaw Pact territory than about the strategic nuclear balance.

Russia is deeply concerned about the long-term impact of BMD on the Russian nuclear deterrent, but the Polish installation with 10 interceptors would have little effect on Russian intercontinental ballistic missiles directed at the United States (which would travel over the Arctic). Nevertheless, Poland is a country with which Russia has legitimate concerns, and the BMD issue is one in which Moscow can easily appear to be the aggrieved party (it was Washington, after all, that withdrew from the 1972 Anti-Ballistic Missile Treaty). But the issue is symptomatic rather than central to the Kremlin's larger concerns.

Then there is Central Asia, where Russia wants to remove U.S. influence from its southern region. The United States no longer has a strong hold inside any Central Asian state, though it does have a base in Kyrgyzstan (as of this writing) and is currently using most of the Central Asian states as transport routes into Afghanistan → with Russia's permission. But Moscow wants it understood that Central Asia is its turf and that the United States is there with Russia's permission and can be ejected at any time. Central Asia is a tougher region for the Americans to project into, but it is becoming more important to the United States as the Obama administration reconsiders its strategy in South Asia.

### Russia's Expectations and Concerns

Russia is viewing this new American administration with the same reservations it had when it viewed the old one. Moscow simply feels it was burned by Bush, and the Obama administration has come in at a time when the United States could use Russia's help. With Pakistan increasingly unreliable, the United States needs other supply routes into Afghanistan, and going through Russia and its former Soviet turf in Central Asia is the best alternative. At the same time, Russia has supported Iran in helping it develop its nuclear facilities and providing air-defense missile systems → in effect, giving Iran just the tools it needs to bargain with the United States and making Iran itself a bargaining chip for Russia to use for its own needs.

Of course, asking Russia for either concession would come with a price. It is Russia's time to place its goals on the table and ask for real actions by the new American administration in reversing or at least freezing certain Bush policies. In return, Russia would be more than happy to help the United States with its war in Afghanistan and cease supporting Iran, as long as such tactics would help Russia meet its own geopolitical objectives while keeping the United States at least partially distracted.

The Obama administration started to make overtures to Russia even before taking office, sending envoys led by former Secretary of State Henry Kissinger to Moscow for negotiations. Obama, Vice President Joe Biden and Secretary of State Hillary Clinton have said they are open to renegotiating START and possibly freezing the BMD plan, and they have already relayed to Ukraine and Georgia that NATO membership will most likely not happen. In return, Russia has allowed small shipments of supplies to start rolling from Latvia through Russia, Kazakhstan and Uzbekistan into Afghanistan, and it is helping negotiate airspace rights for the United States over Tajikistan and Turkmenistan.

But for any further commitment, Moscow wants tangible assurances from Washington that its major concerns → particularly NATO expansion and START renegotiation → will be addressed. The Kremlin does not trust the new White House and understands it can be betrayed at any moment, especially as the United States becomes less bogged down in Iraq. Russia is also concerned about how much the United States is willing to give up for its war in Afghanistan. Russia knows that, at the moment, the war in Afghanistan is a top priority for the Obama administration, but Moscow also knows that the U.S. attention span is short and that Russia's window of opportunity is correspondingly narrow.

Current negotiations will come to a head in April, when Obama sits down for the first time with Russian President Dmitri Medvedev and finally allows the Kremlin to gauge where this new administration is and where it is willing to go. Russia believes both countries are at a unique place in history: each could give a little to the other over the short term, before some future and unavoidable confrontation, or Obama could decide to take

on this resurgent and stronger Russia, even if it meant sacrificing other U.S. priorities, such as Afghanistan and Iran.

Either way, the decisions facing the Kremlin and the Obama administration are ones that will shape a renewed global rivalry.

## **#15**

### **Ukrainian oligarchs lose wealth, keep influence in crisis**

**Agence France-Presse, March 24, 2009**

DONETSK, Ukraine - What's the difference between a Ukrainian and a Russian oligarch? They both lead lavish lifestyles, adore football, and have lost billions in the financial crisis.

But unlike their now politically timid Russian counterparts, Ukraine's super rich are unafraid of meddling in politics and are seen playing a key role ahead of January presidential elections.

Russian billionaires have steered clear of politics since several fell foul of the law under strongman ruler Vladimir Putin, including the now jailed head of the Yukos oil giant Mikhail Khodorkovsky.

Their Ukrainian counterparts may be less well known outside the country but an elaborate courtship dance with its highly polarised political elite is being followed avidly by the nation.

"Our situation is different to Russia. The state does not put this pressure on big business. It prefers a process of negotiations and compromise," said Oleksandr Lytvynenko, senior political analyst at the Razumkov Centre.

In the southeastern industrial city of Donetsk, whose region is home to the country's biggest concentration of mining, metal and chemical industry, it's hard to escape the presence of one man -- Rinat Akhmetov.

Akhmetov is the multi-billionaire owner of System Capital Management, a conglomerate whose interests range from mining and metals, to banking and the media.

The coal miner's son owns regional and national newspapers, the top Donetsk hotel and above all the city's pride and joy -- its football side FC Shakhtar Donetsk.

Thanks to Akhmetov's support, Shakhtar are now a regular in top European competitions and will move this year to a new 50,000-seat stadium which is being built for the club on the city outskirts.

The ethnic Tartar had always been seen as the financial muscle behind the Party of the Regions of Viktor Yanukovich, the pro-Moscow faction which reaches out to the Russian speaking population of areas like Donetsk.

'They are spreading their risk'

But over four years after the Orange Revolution that brought pro-Western leaders to power, Akhmetov is now playing a more cautious game and political analysts are intrigued by his increasing closeness to Prime Minister Yulia Tymoshenko.

"The current political strategy of Rinat Akhmetov is to balance creating a positive image for himself while improving relations with decision makers who until recently were implacable foes -- like the Tymoshenkoites," the weekly *Kommentarii* wrote.

According to Volodymyr Fesenko, the director of the Penta centre for political research, "businessmen do not want there to be a single winner in the Ukrainian political fight in whom all the power is to be concentrated."

"The situation is changing, some oligarchs are distancing themselves from politics while others are diversifying their political activities.

"They are spreading their risk."

According to the latest rich list of US magazine Forbes published this month, Akhmetov is now the 397th richest man in the world with a fortune of 1.8 billion dollars compared with 7.3 billion last year.

Like almost every oligarch across the former Soviet Union, his fortune has been hit by the slump in commodities prices amid the economic crisis and also the plunge in equity markets.

Forbes' figures show he has now been overtaken as Ukraine's richest man by Viktor Pinchuk, the founder of the Interpipe piping company and a son-in-law of former president Leonid Kuchma.

Pinchuk, whose fortune was estimated at 2.6 billion dollars compared with five billion before the crisis, himself served as a member of parliament between 1998-2006.

But according to his website, he has now "retired from politics" and channels his finances into charity work and cultural events.

He was behind ex-Beatle's Paul McCartney's open air concert in Kiev last year and his Pinchuk Art Centre will in April show a major retrospective of British modern artist Damien Hirst.

Akhmetov and Pinchuk lost out in the aftermath of the Orange Revolution when their joint purchase of the country's largest steel producer Kryvorizhstal for a bargain price in 2004 was denounced by Yushchenko and then annulled by a court.

It was then sold to Indian giant Mittal Steel for almost five billion dollars, almost seven times more than what the two oligarchs had paid. But now both businessmen are members of a charity fund headed by Yushchenko's daughter.

Ukraine's third richest man according to Forbes, Ihor Kolomoysky, is a more reclusive figure, but who is still seen playing a prominent role in politics after switching allegiances between Tymoshenko and her foe, President Viktor Yushchenko.

The Dnepropetrovsk-based billionaire's Privat group is one of the biggest holdings in Ukraine with interests in steel, food and banking.

Another prominent figure is Dmitry Firtash, who has long been seen as an ally of Yushchenko and foe of Tymoshenko and is the co-owner of energy trader RosUkrEnergo.

## **#16**

### **"Serious setback to the development of a modern, progressive and liberal Armenia"**

**By Felix Corley**

**Forum 18 News Service, March 24, 2009**

Armenian human rights defenders and religious communities remain deeply concerned by many parts of the draft Religion Law, Forum 18 News Service has found. Serious concern has also been expressed about the proposed new Article 162 in the Criminal Code, which would punish the sharing of beliefs. Both drafts were approved by Parliament in their first readings. A joint review of the new Laws are expected to be conducted by the Council of Europe's Venice Commission and the OSCE. Armen Ashotyan, a parliamentary deputy of the Republican Party in the government coalition, who is leading the adoption of the Laws, told Forum 18 that deputies will wait for the review before proceeding further. However, he declined to pledge that all the review's recommendations will be accepted. Alarm has been caused by, among other provisions, a high legal status threshold of 500 people, bans on sharing beliefs, and unclear wording of provisions allowing religious

organisations to be banned. They have been condemned as a "serious setback to the development of a modern, progressive and liberal Armenia"

Armenia's controversial proposed new Religion Law and the proposed new Article 162 in the Criminal Code to punish the sharing of beliefs were approved by Parliament in their first readings on 19 March, the parliamentary website reported. A wide range of religious communities and human rights activists within Armenia have expressed deep concern to Forum 18 News Service about these proposed new Laws. Armenia's Parliament requested a review of the draft Laws from the Venice Commission of the Council of Europe. The review is expected to be conducted jointly with the Organisation for Security and Co-operation in Europe (OSCE) and to be presented in June, the Venice Commission told Forum 18 News Service from Strasbourg.

Armen Ashotyan, a parliamentary deputy of the Republican Party in the government coalition, who is leading the adoption of the Laws, told Forum 18 from the capital Yerevan on 23 March that deputies will wait for the review before proceeding further. However, he declined to pledge that all the review's recommendations will be accepted.

The draft Religion Law and amendment to the Criminal Code began their passage through Parliament on 5 February, taking many religious communities by surprise. Protestants, Russian Orthodox and Jehovah's Witnesses are among those expressing concern about many provisions of these proposed Laws.

#### High legal status threshold

Concerns about the initial text of the Laws particularly focused on the 1,000 adult citizen members required before a religious community would be able to apply for legal status. Deputy Ashotyan told Forum 18 that in late February, deputies preparing the Law reduced this to 500, adding that this was the version adopted on 19 March. He insisted this would satisfy concerns from religious minorities.

Ashotyan defended the requirement to have 500 adult citizens to register a religious community. "We compared approaches from European countries and took Austria as a model," he told Forum 18. Asked why Austria was chosen, he responded: "We looked for the most proper model for Armenia. Austria is a country with a similar model to Armenia."

Asked how that meets the OSCE / Venice Commission's recommendations in their guidance on drafting religion laws that "High minimum membership requirements should not be allowed with respect to obtaining legal personality". Ashotyan responded: "500 is not a high number. It is a very small number." He insisted that religious communities without registration would still be able to function. He refused to explain how they could run bank accounts, own property, employ people or conduct other business that requires legal status.

Equally satisfied with the version adopted in the first reading is Vardan Astsatryan, head of the government's Department on National Minority and Religious Issues. "Armen Ashotyan met some religious organisations," he told Forum 18 from Yerevan on 23 March, "and as a result there was some softening." He welcomed the reduction from 1,000 to 500 adult members required for registration, and denied that even this number is too high.

However, Stepan Danielyan, Chair of the Collaboration for Democracy Centre, which has worked on religious tolerance in Armenia, is among human rights defenders who question why the number of adult members required to found a religious community in a revised Article 5 is raised from 200 in the current Religion Law (already a high number) to 500.

#### Bans on sharing beliefs

Religious communities were also highly concerned by the broad definition of "proselytism", which attracted heavy penalties in the initial version of the Laws. Deputy Ashotyan claims that redrafting has specified that such "proselytism" would have to be "aggressive" and "repeated" before resulting in penalties. He likewise insisted this meets valid concerns.

Danielyan of the Collaboration for Democracy Centre, and many religious minorities, remain worried by the definition of "proselytism" and the punishments imposed for it in the revised Criminal Code Article 162. This states:

"Forming associations encroaching the rights of the persons or against a person, leading or supporting them, proselytizing

1. Establishment, management of such religious or non-governmental association, or supporting them, whose activities inflict damage to the health of individuals or with encroachments on other rights of individuals, as well as inciting the individuals to refuse their civil duties:

is punished with detention maximum for the term of two years.

2. Proselytism is punished with a fine in the amount of five hundredfold of the minimum salary or detention maximum for the term of one year."

The revised Article 8 of the Religion Law also bans "proselytism", defining it as sharing faith using material incentives, using "physical or psychological pressure", spreading hatred or mistrust of other faiths, using "offensive expressions" about other individuals or faiths or addressing a person without their prior consent at least twice in their home, place of work or place of rest, either in person or by telephone.

Those found leading organisations whose activities "are accompanied with inflicting harm upon persons' health or encroachments upon other rights of persons, or inciting persons to refuse to perform their civic duties" would face up to two years' imprisonment. Those who conduct such "proselytism" would face up to one year's imprisonment or a fine of 500 times the minimum monthly wage.

"Such extensive descriptions are unacceptable, especially as they apply to a delicate issue such as religion," Danielyan of the Collaboration for Democracy Centre told Forum 18 from Yerevan on 24 March. He complains that the proposal to amend the Criminal Code is "highly repressive" which, if adopted, "could effectively apply to any religious activity".

However, parliamentary deputy Ashotyan defended the controversial provision. He insisted that the definition of "proselytism" is in line with a European Court of Human Rights case from 1993 that upheld the rights of a Jehovah's Witness, Minos Kokkinakis, who had been punished for spreading his faith in his native Greece. "This judgment distinguished between 'proper' and 'improper' proselytism and what we have produced is in line with international standards," Ashotyan claimed. He declined to say in exactly what way international human rights standards were upheld by the draft Laws.

Ashotyan brushed aside concerns that punishment could be imposed merely for spreading one's faith from door to door. "Look, people will only be punished if they do this to a person more than once." He refused to explain how someone who knocks on a door to promote a religious view is different from someone who knocks on a door to promote a political, or any other view.

Removal of explicit commitment to international human rights law

The new Religion Law removes the current Religion Law's explicit reference to international human rights standards, including religious freedom commitments in Article 18 of the International Covenant on Civil and Political Rights. However, the draft Law claims that all people enjoy religious freedom. The same article of the draft Law would recognise "the exclusive mission of the Armenian Apostolic Holy Church as the National Church in the spiritual life of the Armenian people, the development of its national culture, and the preservation of the national identity", a commitment that human rights defenders and religious minorities point out is in contradiction with the equality of all faiths and a secular state.

Article 2 pledging that all citizens are equal before the law regardless of their faith would be revised to remove a commitment that they are equal "in all spheres of civil, political, public, economic, and cultural life".

## Theological test for legal status

Danielyan of the Collaboration for Democracy Centre also questions why Christian communities can only apply for legal status if they believe in "Jesus Christ as God and Saviour and accept the Holy Trinity". Non-Christian communities do not face such limitations. "The State has no right to interfere with arguments over faith or, what is more, to introduce limitations by law," he told Forum 18. "Such a practice exists only in religious states, and would contradict the secular nature of the State, as safeguarded by the Constitution. Stipulating faith definitions by law would mean that the State is acting as an official party in the arguments between churches."

## Unclear wording of provisions banning organisations

A revised Article 19 would ban "religious organisations that, during their activities, exercise or try to exercise control over members' personal life, awareness, health, and ownership." Danielyan of the Collaboration for Democracy Centre complains that this is too broadly framed and could include any religious community. "The proposal is unacceptable and contradicts international standards".

Article 18 of the amendments specify that the activity of religious communities that fail to gain re-registration "shall terminate". Danielyan points out that international standards do not allow religious organisations to be banned, as long as they do not violate the rights of their members or other people under very narrow criteria.

## A "transition from a secular to a religious state"?

Danielyan is among those expressing concern that these proposed legal changes, coming on top of a greater role for the Apostolic Church enshrined in amendments to the Constitution in 2005, amount to "a transition from a secular to a religious state". He believes these amendments are the result of lobbying from the Apostolic Church.

The 2005 Constitutional amendments recognised "the exclusive historical mission of the Armenian Apostolic Holy Church as a national church, in the spiritual life, development of the national culture and preservation of the national identity of the people of Armenia".

Forum 18 put written questions on 24 March to Bishop Arshak Khachatryan, the Chancellor of the Catholicosate of the Armenian Apostolic Church, asking the Church's view of the proposed new Laws and whether it had made its views known to the drafters of the Laws or the government. No response had been received by the end of the day on 24 March.

## State claims no complaints and no contradictions with international law

Bishop Khachatryan had attended a roundtable to discuss the new Laws at the Yerevan Office of the OSCE on 18 March, other participants told Forum 18. Deputy Ashotyan, the main initiator of the Laws was also present, as was Vardan Astsatryan, head of the state's Department on National Minority and Religious Issues, and representatives of religious communities. "Unfortunately Ashotyan, Astsatryan and the bishop left very quickly, even though many of us had many questions for them," a religious minority participant told Forum 18. "All of us were against these Laws except for them."

Atsatryan of the Department on National Minority and Religious Issues claimed to Forum 18 that there are now "no contradictions" between the Laws and Armenia's international human rights commitments. He also claimed that no religious communities have complained to him about the new Laws. "The government is now broadly in favour of the Laws."

Petros Demirchyan, the government's deputy spokesperson, concurred. "The government said it was ready to cooperate with the authors to improve the text," he told Forum 18. "We worked with them ahead of the first reading and the government is now satisfied."

## The impact on freedom of religion or belief

Danielyan of the Collaboration for Democracy Centre thinks the proposed Laws will result in new moves against religious communities. "We already see moves against religious minorities, including on the ground and in the press," he told Forum 18. "If these Laws go through, these will turn into serious attacks and all religious minorities will suffer."

Danielyan says he believes Armenia's Catholic minority, mainly in the north west, and Yezidis, followers of an ancient faith held by the country's remaining Kurdish minority, are less likely to suffer than communities like Protestants, Jehovah's Witnesses and the small Baha'i community. "The main aim of these Laws is the Jehovah's Witnesses, but all these do things the Armenian Apostolic Church doesn't like." He believes the resident population of Iranian citizens, mostly Muslims, will also not be affected. "They are targeting ethnic Armenians who are members of others faiths."

Richard Giragosian, a diaspora Armenian who heads the Yerevan-based Armenian Centre for National and International Studies (ACNIS), a think tank affiliated with former foreign minister and opposition parliamentary deputy Raffi Hovanissian, fears the new Laws will mark a "serious setback to the development of a modern, progressive and liberal Armenia". "With an overly homogenous population, Armenia needs to move toward greater openness, moderation and tolerance, none of which would be helped by such legislation," he told Forum 18 from Yerevan on 24 March.

Asked by Forum 18 to explain why Armenia needs to revise its Religion Law and introduce a new "crime" into the Criminal Code, parliamentary deputy Ashotyan responded: "I don't think members of parliament have to explain why they need to propose new laws." He then claimed that the Religion Law needs to be updated to take account of the 2005 changes to the Constitution.

National security?

Asked why the justification for the new Laws presented to parliament in February spoke of "national security" as a reason for the amendments, Ashotyan refused to explain. "Just read Armenia's National Security Strategy."

Apart from a commitment to "support the spiritual, moral, social and cultural activities of the Armenian Apostolic Church" and to "protect the historic, spiritual, cultural heritage and the ethnic identity of the national minorities living in Armenia", Forum 18 can find nothing relating to religious life in the 2007 National Security Strategy.

Paragraph 8 of the former UN Human Rights Committee's General Comment 22, on the International Covenant on Civil and Political Rights, specifically states that "national security" is not a permissible reason to limit freedom of religion or belief.

Armenia continues to hold 80 Jehovah's Witness prisoners of conscience, jailed for conscientious objection to military service. The country promised the Council of Europe that it would introduce a genuinely civilian alternative to military service by January 2004.

## **#17**

### **Russian Volunteers Keep Eye on Citizens, and the Police**

**By Michael Schwartz**

**New York Times, March 25, 2009**

MOSCOW - Moscow's typically traffic-clogged central thoroughfare was jammed this day with people, basking in a rare late-winter sun as a fire department marching band in lime-green uniforms and shiny gold helmets warmed up for a spring festival parade.

As the band prepared to march, Vladimir K. Kazerzin moved in with his men to help clear a path through the crowd. Mr. Kazerzin is a former philosophy teacher, not a police officer, and that is the point. He leads a

contingent of volunteers, called druzhiniki, who patrol with increasing frequency in the capital alongside the professionals to bolster their ranks and, at times, counter their belligerence.

“Look at that sad-looking soldier in comparison with my guys,” Mr. Kazerzin said with a glimmer of pride, pointing out a particularly morose conscript soldier working crowd control along with his volunteers. Nearby, Moscow police officers barked aggressively at the crowd from under big fur hats to clear out, prompting snarls of indignation.

Meanwhile, Mr. Kazerzin’s men, mostly college students in red armbands and with piercings glittering in their ears, smiled and chatted with passers-by while directing them to spots where they could watch the parade without getting in the way.

For those who recall life in the Soviet Union, the druzhiniki are often a nostalgic reminder of the citizen patrols of students and grandmothers walking the streets in red armbands at the behest of the Communist Party to keep a lookout for hooligans and petty criminals.

Though their numbers have dwindled since the Soviet collapse, the government is working to revive the druzhiniki in part to help law enforcement agencies combat what officials fear will be a spike in crime and public disorder amid the growing unemployment and rising prices of the economic crisis. A group of lawmakers in Russia’s Parliament is pushing legislation that could enhance the authority of existing volunteer patrols.

Today, these volunteer groups appear little different from the civilian neighborhood watch organizations found in many countries. But in Russia they offer a rare example of volunteerism in a society that remains largely skeptical of civic groups after years of forced social activism in the Soviet Union, though some fear a return to the days of civilian informers.

But the groups’ proponents dismiss such fears. “When it comes to protecting children and driving teenaged hooligans from the playground, people will come together,” said Vasily I. Solmin, a former submariner in Russia’s Pacific Fleet, who now heads a group of druzhiniki in Moscow.

Druzhiniki all but disappeared after the Russian government withdrew its support with the collapse of the Soviet Union, but re-emerged in force in Moscow following terrorist attacks on two apartment buildings that killed hundreds in 1999, said Irina Svyatenko, a Moscow City Parliament member.

“At that time, people just decided to start patrolling their neighborhoods,” she said. “They did not ask anyone for permission, and there was no government initiative. People just decided that this was needed.”

There are now as many as 17,000 volunteers in Moscow and units in more than 40 other regions of Russia, said Vyacheslav I. Kharlamov, an assistant to the chief of the Moscow druzhiniki. In the capital, volunteers help the police with crowd control at major public events like concerts, sporting events, festivals and protests.

A favorite among the druzhiniki is working the annual Fourth of July reception put on by the American Embassy. “They even feed us and sometimes give us a bottle of beer,” Mr. Kazerzin said.

In Soviet days, he said, they could detain people on misdemeanor charges and write traffic tickets, and they were compensated if injured while on patrol. For the most part, today’s druzhiniki get little outside of free public transportation and the red armband.

“We should be working on those issues that the police simply don’t have time for, like small street crimes and crime prevention,” Mr. Kharlamov said.

The new legislation, which will probably come up for hearings in Russia’s Parliament this spring, would institute the druzhiniki on a federal level and allow them to impose fines for failure to obey their orders and provide compensation for injuries suffered while on patrol. Legislators have even debated the possibility of allowing the volunteers to carry weapons like batons or stun guns.

"We are now giving society a chance through this structure to fight against crime, help protect public order and, most importantly, to guarantee security in one's own backyard," said Vladimir A. Vasilyev, the head of the Security Committee in Russia's Parliament.

Critics, however, worry that this emboldened civilian police force could easily succumb to the corruption that already pervades Russia's law enforcement agencies.

"If today we already have problems controlling our police, what happens when we create a far less trained, less disciplined and less controlled structure?" said Aleksandr Cherkasov of the Moscow-based human rights organization Memorial. "What we will get is this obscure formation beyond the control of the police that will ultimately merge with criminal elements."

Not so, said Valery I. Maximov, a retired police officer who now commands a 126-member regiment of volunteers in Moscow. He argues that because the volunteers are required to patrol with the police, their presence can actually dissuade officers from yielding to corruption.

"When they patrol along with police," he said, "I know that the officer will not take a bribe because the druzhinik is watching."

## **#18**

### **Grim ending to Ukraine's 'orange' fairy tale Agence France-Presse, March 25 2009**

KIEV - For thousands of jubilant Ukrainians crammed into Kiev's main square on January 23, 2005, a duo of pro-Western politicians were a prince and princess ready to whisk them to a magic land of EU membership and prosperity.

Now with the so-called Orange Revolution that swept the old order from power a distant memory, the tale of Viktor Yushchenko and Yulia Tymoshenko is, like many folk tales, heading for a somewhat macabre end.

A victorious Yushchenko took the acclaim of the crowds that day after finally being inaugurated president after a disputed election. Tymoshenko would a few days later become his prime minister.

But now Ukraine is among the countries worldwide worst hit by the economic crisis and the two leaders have been engaged in a poisonous feud that has made them a laughing stock in the media.

With next presidential elections expected in January, Yushchenko's poll ratings are languishing at less than three percent, possibly making him the most unpopular elected head of state in the world.

"The economic crisis is more serious than in other countries. But there is another factor: the political instability and constant crisis situation," said the director of the Penta political research centre Volodymyr Fesenko.

"There is a great disappointment with the existing political leadership."

The vast independence square in central Kiev that was the main arena for 2004's peaceful uprising is now inhabited by the grubby tents of protestors who have been staging a sit-in against the ruling elite over the past four weeks.

"Get Usikh!" reads the Ukrainian-language slogan of one movement daubed on its tents along with a broom. "Clear Out!"

The country's economy is paying for its continued reliance on exports from Soviet-era heavy industry, whose production has slumped by over 30 percent as global demand slumped for metal and mining products.

Only now have Yushchenko and Tymoshenko agreed to a formal ceasefire in their public battle, a condition set by the International Monetary Fund to give out a 1.9 billion dollar tranche of a standby loan vital for staving off the risk of default.

The weekly Fokus put the pair on its cover as Obi-Wan Kenobi and Princess Leia from the "Star Wars" films, under the headline "With Whom Will the Force Be?". The Korrespondent meanwhile portrayed the pair as child vagabonds in rags with the headline "The Children of Default".

A twist in the tale?

With the current story ending so badly, the question is what the next chapter will hold for the 46 million inhabitants of Europe's largest country.

Yushchenko seems out of the frame, and the latest poll by the Razumkov Centre think tank shows his vanquished opponent from 2004, Viktor Yanukovich, leading with 19.5 percent and Tymoshenko second with 17.9 percent.

The charismatic Tymoshenko, who still styles her hair with traditional Ukrainian braids, is conventionally seen as a pro-Western figure while Yanukovich draws his support from pro-Moscow Russian speaking regions.

"For the moment, Tymoshenko is the favourite and she has a very good and strong team. But the crisis is working against her. With every week of the crisis, her chances of victory become worse," commented Fesenko.

But labels are a tricky business in Ukraine's shifting political world and it was Tymoshenko who signed the deal with Russian Prime Minister Vladimir Putin ending the New Year gas crisis.

Oleksandr Lytvynenko, senior political analyst at Razumkov Centre, said it would be wrong to see Yanukovich's Party of the Regions as an unambiguously pro-Russian force.

"They can come up with pro-Russian slogans but Yanukovich accused Tymoshenko of acting in Moscow's interests when she signed the deal to end the gas conflict."

"It is a party that is not interested in the integration of Ukraine into Russia but with obtaining power in Ukraine itself. The party was always like this."

Adding further intrigue is speculation that Tymoshenko could form an alliance with Yanukovich which could see her staying as prime minister and the latter working as a more ceremonial president.

And as if that was not enough, the Kiev political world has been abuzz with talk that an outside figure could spring to prominence in the elections.

Areseniy Yatseniuk, 34, a pro-Western protege of Yushchenko and an ex-parliament speaker, is winning around 12 percent of the vote in presidential opinion polls although he is only just forming a political faction.

Meanwhile, the establishment was rocked by the surprise victory of the Freedom movement of Oleh Tyahnybok, known for his populist Ukrainian nationalist rhetoric, in elections in the western Ternopil region this month.

"Many people are saying that those in power are yesterday's people and new faces are needed. There is a demand for something new," said Lytvynenko.

But for all the bitter disappointments, there have been dramatic changes within society since the Orange Revolution removed a corrupt regime that often seemed stuck in a Soviet time warp.

"The relationship between people and politics has changed. It has become more rational, critical. There is no sign of the extent of stagnation in public consciousness that there was before 2004," said Lytvynenko.

## **#19**

### **Unions Urge Putin to Raise Wages**

**By Anatoly Medetsky**

**Moscow Times, March 26, 2009**

A top union official used a meeting Wednesday with Prime Minister Vladimir Putin to urge the government to encourage pay raises across the economy as part of its anti-crisis package.

Putin met Mikhail Shmakov, chairman of the Independent Unions Federation, and the group's local leaders to tell them that organized labor should do more to improve the job market. They also discussed the anti-crisis measures that the Cabinet approved last week. The government has said it will encourage a period of debate on the measures before sending them to lawmakers.

Shmakov's comments appear to reflect disgruntlement with prices that keep growing despite people's thinner wallets. "We believe a section on raising salaries has been overlooked," he said of the anti-crisis measures, RIA-Novosti reported.

Higher salaries could stimulate demand, he said, adding that the minimum monthly pay must rise by one-quarter, or about 1,000 rubles (\$30), Interfax reported. A spokeswoman for the federation declined immediate comment.

The minimum monthly salary was doubled in January from last year's level to 4,330 rubles, a level that serves as a basis for calculating payments to unskilled workers and some workers who are paid from government budgets.

Opponents of pay raises, however, said that reversing the slide in salaries would complicate job creation.

"Any attempts to increase salaries through state regulation would only aggravate the situation on the labor market," said Sergei Roshchin, chief of the labor economics department at the Higher School of Economics.

Unions have already been in action over falling wages. A union at a Coca-Cola plant in the Sverdlovsk region has complained to the authorities about a reduction of bonuses for night shifts, the unions federation said in a statement dated March 13. Workers set up the union after the cut, the statement said.

Coca-Cola's Russia web site offered only an e-mail form for contacts, and a request for comment went unanswered Wednesday afternoon.

Putin called on the unions to inform people about state-funded employment programs, saying public awareness of them is low.

"I don't think it's superfluous to tell you again that the plans we are developing don't always reach the regional leaders, much less the lower ranking people," he said.

The government is planning to create 1 million temporary jobs and retrain 220,000 people or assist them in setting up a business, Putin said. The federal budget will spend 43.7 billion rubles (\$1.3 billion) on the efforts this year, he said.

Unemployment as of mid-March was 2.6 percent, or 2 million people, Putin said. Another 560,000 were in line to be laid off, he said.

Putin also urged unions to do their job better by reacting to any violation of labor laws.

Unions must alert prosecutors and state labor agencies when they spot salary delays or the resurgence of "salaries in envelopes," a practice ubiquitous a few years ago that lets companies avoid paying some social taxes and allows individuals to dodge the income tax.

Unions should work with management to increase efficiency, even if it takes job cuts, Putin said. But they also should think about helping people who get the pink slip, he said, without suggesting any ways beyond informing fired workers of the state's relief programs.

"It's not that difficult and most often not that expensive," Putin said. "But such careful treatment of people will pay back a hundredfold."

## **#20**

### **The Populist Threat**

**By Konstantin Sonin**

**Moscow Times, March 26, 2009**

All politicians know how difficult it is to take a position that is not popular with the public. If even autocrats must consider the will of the people in certain situations, you can imagine how carefully democratic leaders, whose jobs depend on the public's support, must weigh every decision they make against public opinion.

This month, U.S. President Barack Obama had his first run-in with the enormous force of public opinion. The anti-crisis measures directed at saving the largest financial institutions adopted in the fall by the administration of former President George W. Bush -- many of which were continued by the Obama administration -- have turned out to be extremely unpopular. In part, this is because the proposal to use taxpayer money to bail out unprofitable firms is a bad idea. Moreover, a major part of the \$170 billion allocated for the bankrupt AIG ended up in the hands of its counterparties, such as Goldman Sachs, Citi and Bank of America. In other words, the government compensated AIG's business partners for losses incurred as a result of doing business with AIG.

Part of the problem is also that in order to save the financial system as a whole, it is sometimes necessary to bail out individual companies that don't necessarily deserve the aid. This is done to avoid a chain reaction that could lead to a meltdown of the entire financial system. And every such episode only increases the public's dissatisfaction with politics in general. Last week, we witnessed highly critical hearings in the U.S. Congress, a bill to slap a 90 percent tax on executive pay bonuses for companies receiving federal bailout funds and a defensive stance taken by the Obama administration, all of which show that the government takes public opinion -- and public indignation -- very seriously.

Voter anger in the United States threatens the existence of financial institutions in their current form. After the 1929 stock market collapse, Wall Street's economic, intellectual and political influence also took a beating, and it was only fully restored in the mid-1980s. Current events could take a significant toll on that institution again.

The threat of populism is even stronger in Russia. In the months ahead, public opinion will push the government into inflationary spending and protectionism. Of course, nobody likes inflation. Protectionism is an even more politically and economically dangerous issue. The only economically justifiable use of protectionism is to assist a new manufacturing sector to gain a foothold in global markets. Instead, the crisis gives special interest lobbyists a chance to exploit the public's dissatisfaction with the economy to serve their own narrow protectionist interests.

Until recently, Russia's authorities had managed to cope with the public's demands. But now, almost all of the populist promises Prime Minister Vladimir Putin made last autumn -- to help businesses across the board and to prevent a devaluation of the ruble -- have been rescinded in one form or another.

In one case, President Dmitry Medvedev took the initiative by declaring that it would be impossible to maintain the ruble's artificially high exchange rate. In other cases, economic ministers and advisers corrected Putin's promises in favor of greater budgetary restraint. That delineation of roles continues to this day. Putin promises

to extend aid to industry and social groups, and everybody else makes sure that nothing derails the government's conservative monetary policies and budgetary discipline.

But what happens if Putin finally wins out? Crises are a good time for populism.

**#21**

## **The recession won't moderate Russia's foreign policy**

**By Alexander Kliment**

**ForeignPolicy.com, March 25, 2009**

In recent years, explanations of Moscow's increasingly assertive foreign policy have tended, in one way or another, to take the following form: Russia has more clout because Russia has more cash.

As soaring oil prices boosted the leverage of Russia's state-controlled energy companies and filled the Kremlin's coffers, Moscow consolidated power at home and was emboldened to stake its claims abroad in a hard-nosed, and sometimes bare-knuckled, way. There is a good deal of truth to this line of reasoning -- paying off its sovereign debts to the world and amassing lots of dollars to throw around certainly gave Russia the independence, the confidence, and the means to cut a dramatically more imposing figure on the world stage.

Yet as the country sinks deeper into an economic crisis initially brought on by the world's financial woes, but exacerbated by glaring structural flaws in Russia's economy, this line of reasoning suggests an important question: If Russia's current foreign policy was formed largely on the basis of rapid economic growth, will the collapse of that growth deform, chasten, or reverse Russia's recent foreign policy?

Probably nyet.

Russia's leaders certainly have a bit less cause for "petro-arrogant" swagger these days. But the Kremlin's core foreign-policy objectives -- finding diplomatic pressure points that make Russia a more indispensable global player, and consolidating political and economic influence over its neighbors -- don't, in fact, require all that much cash.

On the first point, casting a veto at the United Nations or trying to play a crafty mediating role with Iran doesn't require a fat wallet. Those things merely require a veto at the UN Security Council and a relationship with Iran, neither of which is in peril because of the economic crisis. Dealing with Syria, Iran, Venezuela or Cuba in ways that tweak Washington's nose and give Russia some bargaining leverage with the United States on other strategic issues -- such as missile defense or NATO expansion -- also does not hinge on the dynamics of the financial crisis. These policies will continue.

Concerning the former Soviet sphere, there is consensus among Russia's elite that further NATO expansion into the region is a red-line issue on which the Kremlin simply will not budge, no matter what Russia's finances look like. And in some ways, the financial crisis is actually expanding opportunities for Russia among the debt-ridden states in Russia's "near abroad." While Russia has been financially weakened by the crisis, it is still a powerhouse compared to neighboring countries. With international donors otherwise preoccupied, Russia has loosened the purse-strings to bail out governments and purchase distressed assets in what President Medvedev has called Russia's "traditional sphere of interest."

The Kremlin has already announced \$2 billion loans to Kyrgyzstan and Belarus, a \$3 billion contribution to Kazakhstan's sovereign wealth fund, and plans to establish a \$10 billion regional bailout fund for post-Soviet states. And as Ukraine's internal political volatility continues to hamstring international lending there, Russia is poised to extend a similar amount to Kiev. While this is serious money at a time when Russia is facing financial constraints at home, the relative cost to Russia of gaining political and economic concessions from its neighbors -- whether by gaining preferential access for Russian companies and troops, or weakening regional ties with NATO and the United States -- is still a bargain for the Kremlin.

The global expansion of Russian state-owned and state-friendly companies, an important part of Russia's foreign policy, will suffer because of lack of financing. But on the more important goal of maximizing control over regional energy transport routes to Europe, the crisis will have little net effect. The global credit drought will probably delay plans for new Russian-controlled pipelines to Northern and Southern Europe, but by the same token, competing non-Russian pipeline projects are financially frozen as well. The status quo, in which Russia dominates the lucrative European market and can use gas supplies for political leverage in transit countries, suits Moscow well enough for the time being.

There are, of course, two caveats to all this.

First, the continuation of Russia's current foreign policy -- much like its domestic policy -- depends on maintaining the prevailing balance between hardliners and relative liberals within Russia's elite. There is a danger that a prolonged economic crisis in Russia could lead to an ouster of more liberal figures in Moscow, and the more marked ascent of the so-called "siloviki" hardliners. If that happens, Russia's foreign policy -- which, despite rhetorical cantankerousness, has been largely pragmatic, if frustrating, to U.S. and Western interests -- might lurch in a markedly more aggressive and unpredictable direction.

Second, if the economic crisis pushes Russia to the point of complete reserves depletion or catastrophic economic collapse (still very unlikely but possible if the crisis extends deep into 2010 and beyond), Russia's freedom of maneuver on foreign policy would be more significantly constrained. It would be difficult to seek international political clout while also seeking international financial support.

But barring that scenario, Moscow will continue to prioritize its core political and economic goals over relationships with foreign investors and governments. Time and again -- whether with Yukos, Shell, and Mechel, or Ukraine, Georgia, and Kyrgyzstan -- Russia's leaders have shown this inclination. The financial crisis won't change it.