

LOS LÍMITES DE LA 'PERESTROIKA'

'Opiniones autorizadas'

El testamento político de Boris Eltsin

PILAR BONET, Moscú

Los aduladores "vuelven a cantar loas y a exagerar los méritos de alguien, y todo se perderá si un dirigente pica en tal anzuelo". Son palabras de Boris Eltsin, el hombre que creyó firmemente en la *perestroika* y que ha sido cesado por "los grandes fallos" cometidos en la dirección de la organización del partido en Moscú. No son palabras sigilosamente filtradas de una reunión cerrada y secreta, sino publicadas en castellano en un reciente folleto divulgador de la *perestroika* dedicado a Eltsin y editado por la agencia de prensa Novosti en una serie titulada *Opiniones autorizadas*.

"Aceleramos la reestructuración. Los moscovitas apoyan la apertura". Son el título y el subtítulo de la publicación llegada a manos de los corresponsales y que puede leerse ya como un testamento político del dirigente acusado de errores no explicados. Eltsin pensaba que las divergencias en el PCUS podían expresarse en voz alta. ¿Ha sido ese uno de sus errores? "Durante largos años", decía, "los burós de muchos organismos dirigentes se integraron según un principio falso: por ser una colectividad de correligionarios han de pensar y hablar como el presidente de la mesa. El presidente dicta en vez de orientar, los demás guardan silencio o le hacen coro. No hay pensamiento colectivo ni comparación de los puntos de vista, ni auténtica camaradería partidista".

"Si el presidente es incapaz de crear un ambiente en el que se pueda expresar, con tranquilidad y sin temores posteriores, un punto de vista distinto, no habrá dirección colegiada en el organismo que éste dirija". Eltsin se ex-

presó por lo visto sin temores en el pleno del comité central del 21 de octubre, donde acusó a Egor Ligachov, el responsable de ideología, de interferir en su trabajo y se mostró decepcionado por el ritmo de la *perestroika*.

Opiniones divergentes

Refiriéndose al trabajo en el comité municipal del Partido, Eltsin decía que "no siempre coinciden los pareceres de los camaradas con el mío, circunstancia que me permite comprar las alternativas y elegir la óptima. Aún veo que cuando alguien quiere hacerme una objeción, levanta con dificultad la mano. Pero en común superaremos estas dificultades". El comité municipal del partido en presencia de Mijail Gorbachov y de Egor Ligachov ha decidido por lo visto superarlas sin Eltsin.

"El ceremonial del Partido", "la pompa", "tienen profundas raíces" y en el "ritualismo" muchos dirigentes últimamente "dejaron a la zaga incluso a los ecle-



En primera fila, en el 27º Congreso del PCUS, y de izquierda a derecha, Egor Ligachov, Mijail Gorbachov y Andrei Gromiko. En la segunda fila, detrás de Ligachov, Boris Eltsin.

siásticos", afirmaba. "Saben cuando hay que aplaudir, dónde y qué palabras pronunciar, cómo recibir al jefe y cómo decorar un acto. Se trata de inventos hechos por astutos aduladores que procuran mantenerse a flote".

La crítica al culto de la personalidad y la defensa de la modestia, así como la lucha contra los privilegios heredados por la clase política, son defendidos por Eltsin en este folleto de 31 páginas. "Debemos ser implacables ante todo con nosotros mismos y exigentes para con otros", decía el hombre que en febrero de 1986, durante el 27º Congreso del PCUS no cayó en la tentación de trazar una línea divisoria entre el

pasado brezneviano y el presente de Gorbachov, sino que criticó "la falta de valor y experiencia política", que impedía en 1981 decir lo que se dijo en 1986.

"Uno puede equivocarse cuando no está de acuerdo, pero lo principal es que no sea indiferente...". "El fomento de la democracia requiere que cada cual respete la opinión del opositor, lo fundamental no es tanto cumplir la voluntad del jefe, ni la de la sencilla mayoría, como buscar en común la decisión óptima...".

Eltsin se adelantó a las críticas contra su eventual radicalismo insinuadas por Gorbachov el pasado día 2. Consideraba el ex jefe del partido en Moscú

ral" la diversidad de criterios entre los "radicales" que desean "liquidar", "suprimir" y "poner en práctica mañana mismo" y los "escépticos cautelosos". "Sin la capacidad de ver la diferencia entre la lentitud pernicioso y el apresuramiento y ajeteo inadmisibles jamás será posible orientarse. Además, se podrá perder la intuición política. Quien dramatiza los reveses ocasionales y se deja llevar por el pánico ante los problemas del momento es políticamente inmaduro, al igual que el que subestima el déficit de tiempo y deja el asunto *ad calendas graecas*, en espera de que alguien —sin saberse quién— cree condiciones necesarias".

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ANÁLISIS

Golpe a la 'perestroika'

PILAR BONET, Moscú

"Por la cabeza les daría yo, si pudiera", exclamaba un moscovita a quien esta corresponsal comentaba la información aparecida en la Prensa soviética según la cual Boris Eltsin, el ex jefe del partido en Moscú, había tratado de "dar un golpe por la espalda" al Comité Central del Partido Comunista de la Unión Soviética (PCUS).

Eltsin ha reflejado en su propia salud los furibundos ataques a que le sometieron sus camaradas en el pleno del comité municipal del partido en Moscú celebrado el pasado día 12. Fuentes soviéticas aseguran que tuvo que ser ayudado a salir de la sesión de condena. "Estaba pálido. No se tenía en pie e iba apoyándose en los respaldos de las sillas. Le atacaron como lobos que despedazan a su presa", dijeron fuentes soviéticas remitiéndose a testigos presenciales del acto.

Otras fuentes aseguraban que Eltsin ha sufrido un ataque al corazón, pero no se había producido ninguna confirmación oficial sobre este punto hasta ayer por la tarde. Según la versión dada por la Prensa soviética, Eltsin dijo haber oído "lo que no he oído en toda mi vida" durante la sesión del pleno municipal, e hizo una alusión a la "sobrecarga" de trabajo que pesaba sobre él. Negó terminantemente haber tenido algún "designio" o "intencionalidad política" en su intervención ante el pleno del Comité Central del PCUS frente a la cual el partido, con el dirigente Mijail Gorbachov a la cabeza, ha cerrado filas en contra suya.

Crisis de credibilidad

La implacable condena de Boris Eltsin, considerado hasta hace poco como un paladín de la *perestroika* y un fiel aliado de Gorbachov, ha creado gran confusión entre comunistas favorables a una renovación de la sociedad y abre un interrogatorio sobre el futuro de esta política y la manera de entenderla de ahora en adelante. En opinión de observadores políticos occidentales en Moscú, abre también una grave crisis de credibilidad, alimentada, sobre todo, por el tono de la información sobre el pleno municipal redac-



Eltsin (primero por la derecha en la segunda fila) aparece detrás de Gorbachov en el 27º Congreso del PCUS.

tada en un tono que recuerda las purgas de los años treinta.

"Se me pusieron los pelos de punta. No puedo creerme que Eltsin haya confesado, como dicen que lo hizo. Lo que hay que publicar es su intervención ante el comité central", decía en privado un periodista soviético.

Tres personas por lo menos fueron detenidas ayer en el barrio moscovita del Arbat —una de las zonas públicas de expresión creadas en Moscú por Boris Eltsin— cuando trataban de recoger firmas para construir un memorial dedicado a las víctimas del estalinismo. De nada valieron sus tranquilas protestas ni la frase de Gorbachov dedicada a la necesidad de aclarar el pasado, que exhibían en un letrero ante el capitán de policía Lebedev, que ordenó su traslado a la comisaría más próxima, ante las protestas de los transeúntes.

El diario *Pravda*, órgano del PCUS, publicaba ayer un editorial donde trataba de asegurar que la *perestroika* continúa y, sin mencionar a Eltsin por su nombre, afirmaba que es necesario *aprender a discernir* y "neutralizar las maniobras de los adversarios de la *perestroika*, los que frenan la causa, se

alegran de las dificultades y de los fracasos". "Es necesario saberse dominar, no ponerse nervioso y continuar el trabajo" ante los "charlatanes y oportunistas y aquel tipo de gente que, vayan como vayan las cosas, tratan de salir siempre ganando". Aseguraba el periódico que "el proceso de democratización no es fácil", y las *dificultades y contradicciones*, "muchas y en ocasiones inesperadas".

Emociones aparte, la versión oficial del pleno del comité municipal del partido es altamente reveladora del estilo y métodos de trabajo de la dirección política de la primera ciudad de la URSS. Varios de quienes atacaban a Eltsin se confesaron *culpables* de no haber reaccionado antes contra él, y dijeron haber expresado su resistencia en *los pasillos*.

Acusaciones anónimas

Estas afirmaciones contrastan con las muestras de apoyo hacia Eltsin realizadas hace menos de tres meses por parte de quienes ahora le atacan después de que el comité central haya dado *luz verde* para ello. Uno de los acusadores decía

que muchas de las valoraciones de la actividad del primer secretario municipal circulaban en forma de *anónimos*. Eltsin había insistido en el libre debate y la confrontación de opiniones. Creía que no todos los miembros de una organización tienen que pensar como su jefe. Pero no es ésta la línea imperante ahora.

El pleno reveló tensiones entre quienes de forma unánime atacaban a Eltsin. Así, el funcionario V. Skitev, responsable de organización, fue criticado por dos oradores, uno de los cuales le reprochó el haber llevado a cabo personalmente interrogatorios acusadores de características policiales entre los funcionarios.

La lectura de los plenos de la organización municipal del partido en la época de Eltsin indica que éste estaba poniendo en práctica un proyecto experimental de reestructuración del partido en Moscú que no tenía correspondencia con las estructuras estatales del PCUS. Eltsin "se separó de nosotros. Sí, no estaba en nuestras filas. Es como si hubiera volado sobre nosotros", decía en el pleno municipal el secretario de distrito V. Vinogradov.

TASS

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Gorbachov aún no ha aceptado la renuncia

Boris Eltsin, símbolo de la 'perestroika' en Moscú, presenta la dimisión

Boris Eltsin, jefe del partido comunista soviético (PCUS) en Moscú y miembro suplente del Politburó, presentó su dimisión en el pleno del Comité Central celebrado el día 21. La renuncia del símbolo de la *perestroika* (reconstrucción) en la capital de la URSS ha provocado la primera crisis interna grave desde que Mijail Gorbachov accedió a la secretaría general, en marzo de 1985. Este decidirá el futuro de Eltsin tras las fiestas del 70º aniversario de la Revolución de Octubre.

El dirigente se había convertido en símbolo de honradez e integridad, y en su lucha contra la corrupción reemplazó a 23 de los 33 primeros secretarios de distrito, lo que le creó muchos enemigos. Eltsin presentó su dimisión tras admitir abiertamente el fracaso de la *perestroika* en Moscú y que no podía hacer frente al "sabotaje" y la "burocracia", informa Pilar Bonet.

En la citada reunión del Comité Central, el jefe del Comité de Seguridad del Estado (KGB), Víctor Chebríkov, llegó a acusar a Eltsin de ser un "desertor de la *perestroika*" y de hablar demasiado de cosas internas ante oyentes

glasnost (transparencia informativa), era uno de los protagonistas del documental *7 días de mayo*, emitido el pasado lunes por TVE.

3 Páginas 2. Boris Eltsin.



La debilidad del dólar provoca nuevas bajas en las bolsas de valores

Los bancos centrales de los principales países industrializados intervinieron ayer masivamente para tratar de mantener el tipo de cambio del dólar, aunque los resultados fueron poco satisfactorios. La divisa de Estados Unidos alcanzó su nivel más bajo de los cinco últimos años frente al marco alemán y el franco francés. Las bolsas internacionales se vieron afectadas por la situación del dólar y conocieron bajas de cierta consideración.

El descenso del dólar provocó además tensiones entre las mo-

nedas de los países miembros del Sistema Monetario Europeo, ya que la diferencia entre la divisa alemana y el franco francés fue la mayor de los últimos años. La intervención de los bancos centrales de los países más industrializados estuvo acompañada de declaraciones sobre la necesidad de mantener o no los acuerdos alcanzados en febrero sobre la estabilidad del dólar. La necesidad de reducir el déficit de Estados Unidos aparecía en todos los comentarios.

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Ferviente partidario de la

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Páginas 63 y 64 y 70 a 73

HOY, EN EL PAÍS

López de Letona será presidente ejecutivo de Banesto hasta finales de 1988; Conde y Abelló, vicepresidentes

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Reagan dice que el acuerdo con Moscú es inminente

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Expectación en Argentina por la visita de Felipe González

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Jóvenes jueces para Guipúzcoa. Nueve jueces, con una edad media de 28 años, han tomado posesión de otros tantos juzgados en Guipúzcoa, provincia en la que han nacido ocho de ellos (el restante es natural de Ma-

drid). La incorporación de estos jueces, seis de ellos mujeres, permite cubrir la mayoría de las vacantes existentes en Guipúzcoa. El presidente de la Audiencia Provincial, Joaquín Giménez, afirmó ayer que la incorporación

de este grupo de jueces es un paso trascendental para normalizar la Administración de justicia en el País Vasco. En la fotografía, siete de los nuevos jueces tras su toma de posesión.

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El Gobierno, "altamente preocupado" por las presiones europeas en la negociación de las bases

Un acusado de corrupción sigue trabajando en la

Aplazada la decisión sobre el futuro de Eltsin

El jefe del partido en Moscú dimite y causa la primera crisis de la era Gorbachov

PILAR BONET, Moscú

El jefe de la organización del PCUS en Moscú, Boris Eltsin, considerado el paladín de la lucha contra los privilegios en la dirección comunista, ha provocado la primera gran crisis política en el equipo fiel a Gorbachov al anunciar su dimisión tras declarar abiertamente el fracaso de la *perestroika* en la capital. Varias fuentes soviéticas solventes coincidían ayer en afirmar que ello ocurrió en el pleno del Comité Central del PCUS el pasado día 21, cuando el jefe del Comité de Seguridad del Estado (KGB), Víctor Chebrikov, llamó a Eltsin "desertor de la *perestroika*", y el líder Mijail Gorbachov, visiblemente desconcertado por una alusión de Eltsin a un creciente culto a la personalidad del máximo dirigente, no le defendió.

La decisión sobre el futuro de Eltsin ha sido aplazada hasta después de las fiestas conmemorativas del 70º aniversario de la Revolución de Octubre, señalan las fuentes. Una breve nota publicada ayer en el órgano del partido en Moscú, *Moskovskaia Pravda*, daba cuenta de una reunión del comité del PCUS en Moscú que había sido dirigida por Eltsin y en la que se había subrayado la necesidad de democratizar y reducir el aparato de dirección. "Las propuestas sobre la estructura fueron básicamente aceptadas", señalaba la nota, según la cual se ha dado un plazo de dos semanas para elaborar una estructura de dirección de la economía de la ciudad.

Las intervenciones del último pleno del Comité Central, formalmente dedicado a preparar los próximos festejos, no han sido publicadas por la Prensa que, sin embargo, dio la lista de oradores encabezada por Eltsin, miembro suplente

sin que éste le hubiera respondido. Más de 30 personas querían tomar la palabra después. Ligachov, considerado el número dos de la dirección soviética, acusó a Eltsin de haber hecho empeorar la situación en la capital. Víctor Chebrikov sugirió que Eltsin hablaba demasiado de cosas internas ante auditorios extranjeros. Ferviente partidario de la *glasnost* o transparencia informativa, Eltsin fue el primer dirigente soviético que proporcionó datos sobre la catástrofe de Chernobyl.

Numerosos enemigos

En su calidad de máxima autoridad política de Moscú, Eltsin ha empezado aquí una campaña contra la corrupción que le ha granjeado numerosos enemigos en la red de abastecimiento comercial de la ciudad, y ha reemplazado a 23 de los 33 primeros secretarios de distrito. Sus intentos de convertir a Moscú en una ciudad



Boris Eltsin, durante una visita a Nicaragua, junto a Daniel Ortega.

voz municipal y dijo que éste es "un miembro más y no el mejor". El miembro del Politburó Aleksandr Yakovlev, el jefe del partido de Kazakistán, Guenadi Kolbin, y el director del Instituto de EE UU y Canadá, Georgi Arbatov, le defendieron tímidamente.

Las fuentes consideran lo sucedido como grave y preocupante, ya que Eltsin se ha convertido en un símbolo de honra-

Eltsin ha tenido problemas de trato con los diversos sectores representados en una ciudad a cargo durante casi 20 años de Víctor Grishin, estrecho colaborador de Leonid Breznev. Los males que combate Eltsin se reproducen una y otra vez. Sus medidas acaban dando resultados contrarios a lo previsto y a la lucha contra la corrupción en el comercio y la renuncia a los privilegios de su-

La Unión Soviética informa a sus aliados sobre el estado de las negociaciones

Los ministros de Exteriores de los siete Estados del Pacto de Varsovia se reúnen hoy en Praga por dos días en la que Edvard Shevardnadze a sus aliados del acto de las negociaciones de entre Moscú y Washington reciente encuentro con el secretario de Estado norteamericano, George Shultz, en Moscú.

La reunión de la República checoslovaca ha despertado expectación al confirmar que Shevardnadze el viernes viaja a Washington para una visita inesperada y verse con el presidente americano, Ronald Reagan, con Shultz.

El anuncio de este viaje avivó ayer las esperanzas de que se celebrara el presente año la tercera cumbre entre el máximo dirigente soviético, Mijail Gorbachov, y el presidente Reagan. El viernes de que el ministro soviético de Exteriores, Shevardnadze, hacia Washington; la reunión de los ministros del Pacto de Varsovia emitirá un comunicado. Shevardnadze llegó ayer por la noche a Praga y no hizo declaración sobre el motivo de su viaje a Estados Unidos.

Nuevas propuestas

En la capital checoslovaca, la URSS y sus aliados tratan de crear una situación crecientemente previsible acuerdo para una reducción total de misiles de alcance, así como el esta-

morativas del 70 aniversario de la Revolución de Octubre, señalan las fuentes. Una breve nota publicada ayer en el órgano del partido en Moscú, *Moskovskaja Pravda*, daba cuenta de una reunión del comité del PCUS en Moscú que había sido dirigida por Eltsin y en la que se había subrayado la necesidad de democratizar y reducir el aparato de dirección. "Las propuestas sobre la estructura fueron básicamente aceptadas", señalaba la nota, según la cual se ha dado un plazo de dos semanas para elaborar una estructura de dirección de la economía de la ciudad.

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De forma inesperada, Eltsin, de 56 años, había salido a la tribuna para admitir que no se puede hacer frente al "sabotaje" y a la "burocracia" que se opone a su labor. Atacó a Ligachov y dijo también haber escrito dos cartas a Gorbachov durante el mes de septiembre

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Entre quienes le criticaron en el pleno estaban sus mismos colegas en el Ayuntamiento, entre ellos V. Saikin, presidente del comité ejecutivo, que desautorizó a Eltsin como porta-



Boris Eltsin, durante una visita a Nicaragua, junto a Daniel Ortega. REUTER

voz municipal y dijo que éste es "un miembro más y no el mejor". El miembro del Politburó Aleksandr Yakovlev, el jefe del partido de Kazakistán, Guenadi Kolbin, y el director del Instituto de EE UU y Canadá, Georgi Arbatov, le defendieron timidamente.

Las fuentes consideran lo sucedido como grave y preocupante, ya que Eltsin se ha convertido en un símbolo de honradez e integridad para muchos por su renuncia a los privilegios y su espíritu de trabajo. Otros le tachan de "jacobino", "puritano" o "ingenuo político" venido a "quemarse" a la capital desde Sverdlovsk, en los Urales.

En Moscú, Eltsin se ha caracterizado por su estilo directo. Sus discursos provocaban sensación. En el 27º congreso del partido defendió la necesidad de cambiar la estructura del aparato del Comité Central y el rendimiento periódico de cuentas de los dirigentes. Ha defendido también la abolición de privilegios como coches con chófer, tiendas y escuelas especiales para la elite, y estos temas están hoy aparentemente congelados.

Eltsin ha tenido problemas de trato con los diversos sectores representados en una ciudad a cargo durante casi 20 años de Victor Grishin, estrecho colaborador de Leonid Breznev. Los males que combate Eltsin se reproducen una y otra vez. Sus medidas acaban dando resultados contrarios a lo previsto y a la lucha contra la corrupción en el comercio y la renuncia a los privilegios de su ministro que Moscú poseía como capital se le achaca en parte el empobrecimiento de la oferta de bienes de consumo en las tiendas. El plan de sacar oficinas parásitas y fábricas contaminantes del centro —donde hay un barrio bajo el control del Ejército y otro bajo el control del KGB— choca con la oposición de las instituciones. Las empresas moscovitas siguen además importando mano de obra de provincias —*limitchiki*— pese a la estricta prohibición de ello.

Eltsin dijo haber propuesto que los jefes de las grandes ciudades no estén en el Politburó, para no estar excluidos de la crítica. Gorbachov no lo desmintió.

vistarse con el presidente americano, Ronald Reagan con Shultz. El anuncio de este viaje ayer las esperanzas de que se celebre el presente año la tercera cumbre entre el máximo dirigente soviético, Mijail Gorbachov, y el presidente Reagan. El viernes de que el ministro soviético de Relaciones Exteriores, Andrei Kozyrev, viajó hacia Washington, la reunión de ministros del Pacto de Varsovia emitirá un comunicado. El ministro soviético de Relaciones Exteriores, Andrei Kozyrev, viajó ayer por la noche a Praga y no hizo declaraciones sobre el motivo de su viaje a Estados Unidos.

Nuevas propuestas

En la capital checoslovaca, el ministro de Relaciones Exteriores de la URSS y sus aliados trabaron la situación creada por el previsible acuerdo para la reducción total de misiles de alcance, así como el esta- versos foros internacionales como la Conferencia sobre Seguridad y Cooperación en Europa que se celebra en Viena, las negociaciones informales de los dos bloques al margen del CSCE, las denominadas *negociaciones de los 23*.

Además, según insisten los ministros no confirmados, se está estudiando la posibilidad de presentar propuestas de desarme como un gesto del Pacto de Varsovia para facilitar el avance en las negociaciones de desarme internacional, que podría ser una reducción parcial de tropas soviéticas en Europa oriental. Tal medida sería bienvenida en Occidente la reducción al rearme convencional, que algunos países de la OTAN solicitan para compensar la retirada de los euromisiles.



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Comrades at the top

THE MEMOIRS OF BORIS YELTSIN
 For the first time ever, a Kremlin insider exposes the perks and privileges — private planes, special shops, homes and medical care — that allow the Soviet leadership to live in luxury while ordinary Russians must scramble for even basic necessities

The higher you climb up the professional ladder of the Communist party of the Soviet Union, the more there are comforts that surround you and the harder and more painful it is to lose them. One becomes, therefore, all the more obedient and dependable. That is why an intelligent, independent-minded official of the party's central committee is a combination of words so paradoxical that one's tongue cannot even utter them. Obsequiousness and obedience are rewarded in turn by privilege: special hospitals; special sanatoriums; the excellent central-committee canteen; the equally excellent service for home delivery of groceries and other goods; the Kremlin-line closed telephone system; the free transportation.

It has all been most carefully devised: a section chief does not have a personal car, but he has the right to order one from the central-committee car pool for himself and his immediate staff. The deputy head of a department already has his personal Volga car, while the head has another and better Volga, fitted with a car-telephone.

But if you have climbed your way to the top of the Communist party pyramid, then it is "full communism". It turns out that there was no need for a Marxist world revolution to achieve that ultimate, blissful state of a communist utopia as prophesied by Karl Marx. It is perfectly possible to attain it in one particular country for one particular group of people. In using the expression "communism", I am not exaggerating. From each according to his abilities, to each according to his needs, was not a bad definition of communism. And that is what has been achieved



Yeltsin: Gorbachev likes to live well and his wife Raisa wants to be on view. In a prosperous society that would be accepted as normal — only not in our country, not at this time!

by those at the top of the party pyramid. Their abilities, alas, are not outstanding; but their needs are so great that, so far, it has only been possible to create real communism for a couple of dozen people.

COMMUNISM is created for them by the ninth directorate of the KGB. This all-powerful directorate can do anything. The life of a party leader is beneath an unsleeping, all-seeing eye and it satisfies their every whim, including a *dacha* (country house) behind a high green fence enclosing spacious grounds alongside the Moscow river, with a garden, tennis courts and games pitches, a bodyguard under every window and an alarm network.

Even at my level as a candidate member of the politburo, my domestic staff consisted of three cooks, three waitresses, a housemaid, and a

gardener with his own team of under-gardeners. My wife, my family and I, long accustomed to doing everything with our own hands, simply did not know what to do with ourselves. And, surprisingly, all this luxury was incapable of producing either comfort or convenience. What warmth can there be in a marble-lined house?

It was almost impossible to meet or contact anybody in the ordinary, normal way. If you wanted to go to the cinema, the theatre, a museum, indeed any public place, a whole squad of heavies was sent there in advance; they would check and cordon off the whole place, and only then could you go yourself. But the *dacha* had its own cinema and Sunday Friday, Saturday and Sunday a projectionist would arrive complete with a selection of films.

As for medical treatment, the medicines and equipment are all imported, all of them the latest word in scientific research and technology. The wards in the "Kremlin hospital" are huge suites, again surrounded by luxury: porcelain, crystal, carpets and chandeliers. Afraid of taking responsibility, an individual doctor never makes a decision and diagnoses and treatments are invariably agreed upon by a group of between five and 10 doctors, sometimes including the most highly qualified specialists. When I was party chief in Sverdlovsk, I was

looked after by one general practitioner.

"The Kremlin ration", a special allocation of normally unobtainable products, is paid for by the uppermost echelon in the party at half its cost price, and consists of the highest quality foods. In Moscow, a total of some 40,000 senior party members enjoy the privilege of receiving these special rations to varying degrees of quantity and quality. There are whole sections of Gum (the huge state department store which faces the Kremlin across Red Square) closed to the public and specially reserved for the topmost elite, while for the officials a rung or two lower down on the ladder there are other special shops and so on down the scale, all of them graded by rank.

All are called "special": special workshops, special dry-cleaners, special clinics, special hospitals, special houses, special services. In the Soviet Union the word "special" has a specific meaning, of which we are all too well aware. It is applied to the excellent food products that are prepared in special kitchens and are subjected to special medical tests; to the medicines packed in several layers of wrapping-paper and guaranteed safe by the signatures of several doctors (only medicines certified in this way can be given to the Kremlin elite).

When you want to go on holiday you can choose virtually any place in the warm Soviet south. There is bound to be a special *dacha* there. For the rest of the year these *dachas* are empty. There are other chances to go on leave, too, because in addition to the summer break there is also a two-week winter holiday. There are excellent sports facilities (for "special" use only) on the Lenin Hills, for instance, with indoor and outdoor tennis courts, a large swimming-pool and a sauna.

Then there are trips in your personal aeroplane. It may be an IL-62 or a TU-134, and in it is a central-committee secretary, a candidate member or a full member of the politburo, alone, except for a few of his bodyguard and the cabin crew. The joke is that none of this belongs to those who enjoy these privileges. All these marvellous things — *dachas*, rations, a stretch of seaside fenced off from everyone else — belong to the Soviet system. And just as the system has given them, so it can take them away. It is an idea of pure genius.

Take a man who climbs his way up the party career ladder. The system gives him first one class of special privileges; then, as he rises higher, another class; and the higher he goes the more special delights are handed out to him. Soon he begins to think he is an important person. He

eats what ordinary mortals only dream of, he takes his holidays in places where the *hot politoi* are not even allowed to come near the surrounding fence. And, stupidly, he does not realise that it is not he who is being thus favoured, but the position that he occupies.

If he suddenly were to stop faithfully serving the system and standing up for it, someone else would instantly be put into his place. Within this system, nothing belongs to the individual. Stalin cunningly brought this machinery into such a state of perfection that even the wives of his immediate colleagues did not belong to them; they, too, belonged to the system. And the system could take those wives away and imprison them, just as Stalin imprisoned the wives away from Kalinin and Molotov (respectively, chairman of the supreme soviet and minister of

foreign affairs) and neither man dared utter so much as a squeak of protest.

TIMES have changed somewhat, but the essence of the system remains the same. As before, a wide selection of perks are handed out to the position that a person occupies, but each "gift" — from a soft armchair with its numbered metal tag, up to the bottle of normally unavailable medicine stamped "safe" by the fourth directorate of the KGB — bears the stamp of the system. This is so that the individual (who, as before, is no more than a little cog in the machine) should never forget to whom all this really belongs.

I will describe in more detail how this system of privileges works, using some examples from my own experience.

Every central-committee secretary, member or candidate member of the politburo has attached to him an officer in charge of his bodyguard; this man is his aide-de-camp and organises his life for him. One of the chief duties is to see to the fulfilment of any wish that might be expressed by his — I almost said, lord and master — for whose safety and comfort he is responsible.

Do you need a new suit? Certainly, and precisely at the appointed hour comes a discreet knock on the door of your office. In comes a tailor who takes your measurements. Next day he returns for a fitting, and soon you have an elegant new suit.

Do you need a present for your wife for March 8 (the date celebrated in the USSR as International Women's Day)? No problem: you are brought a catalogue with a choice of gifts which would satisfy even the most sophisticated female taste — and all you have to do is choose.

On the whole, the attitude to families is considerate. There is a Volga for their use, with drivers working in shifts and bearing prestigious "Kremlin" number-plates, either for taking your wife to work or bringing her home, or taking the children to and from the *dacha*. The big Zil, a Soviet-styled limousine, is of course reserved for the father of the family.

This essentially cynical system will sometimes exhibit an equally cynical lapse where the immediate family members of the head of the clan are concerned. When, for instance, the chief bodyguard was instructing my wife and children that they must not feed me fruit and vegetables bought in the market

continued on back page

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A maverick in the Kremlin

BORIS YELTSIN is the Soviet Union's most controversial politician. As Communist party boss of Moscow he found himself at the centre of power in the Kremlin, a member of the party's central committee and ruling politburo, as Mikhail Gorbachev began his crusade for reform. But within two years, Yeltsin was out, denounced by Gorbachev for his attempts to force the pace of perestroika and break the power of the Soviet party machine. Now he tells the story of that rise and fall — and his comeback on the tide of glasnost.

Boris Nikolayevich Yeltsin was born on February 1, 1931, in the Urals province of Sverdlovsk, east of Moscow. His family were farmers, but as a result of Stalin's collectivisation programme, Yeltsin's father left the land and became a construction worker in the neighbouring province of Perm.

A bright student, Yeltsin was censured for discipline and moved back to Sverdlovsk to complete his schooling. He received top marks in all but two subjects and went on to study civil engineering at the Urals Polytechnic Institute, from where he graduated in 1955. He spent a year working in all the basic building trades before taking up a series of foreman's posts and

eventually becoming a chief engineer. After 14 years engaged in Communist party work in his spare time, Yeltsin was appointed to the party's Sverdlovsk provincial committee. In 1976 he became first secretary of the committee, the Communist boss of the province.

Yeltsin's success in Sverdlovsk was recognised in 1985, when he was summoned to Moscow to take charge of the construction section of the central committee of the Communist party of the Soviet Union. Later that year, he was appointed head of the party in Moscow, which led in 1986 to his becoming a candidate member of the politburo, at the very centre of the Soviet power structure.

These were the heady early days of glasnost and perestroika, but the hostility of conservatives such as Yegor Ligachev and the slowness of the pace of change irritated Yeltsin and, after asking to be relieved of his post, he was sacked in October 1987.

Taking advantage of new democratic processes, Yeltsin was elected people's deputy for the No 1 district of Moscow in March 1989. From this power base in the Soviet Union's new "parliament", he has become a rallying point for the radical reform movement.



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VS 11	Ch. Monlignac (St-Emilion)	1985	147.60	115
VS 12	Ch. Laubade (Haut-Médoc)	1985	143.80	120
VS 13	Ch. Laubade (Haut-Médoc)	1985	153.40	125
VS 14	Ch. Les Ormes-de-Pez (St-Emilion)	1984	97.80	80
VS 15	Ch. Carone-St-Gemine (St-Léonard, Haut-Médoc)	1985	92.28	78
VS 16	Ch. Clergue (Fronsac)	1985	95.40	79
VS 17	Ch. Fontpégnac (St-Emilion)	1985	103.60	85
VS 18	Ch. L'Éclair (Fronsac) EB	1985	168.00	155
VS 19	Ch. Puy-Caméra (Haut-Médoc) EB	1985	169.00	155
VS 20	Ch. Beaupré (Fronsac) EB	1982	76.20	63
VS 21	Ch. Puy-Caméra (Haut-Médoc) EB	1982	83.40	65
VS 22	Ch. Clergue (Fronsac)	1981	99.00	82
VS 23	Ch. Laubade (Haut-Médoc)	1981	138.00	99
VS 24	Ch. Laubade (Haut-Médoc)	1980	107.40	87
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Comrades at the top

continued from page 1

ket, because they might be poisoned. My daughter asked timidly whether they (she and my wife) might eat market-bought produce? She was told that they could, but I must not. In other words, you can go ahead and be poisoned, but he is sacred.

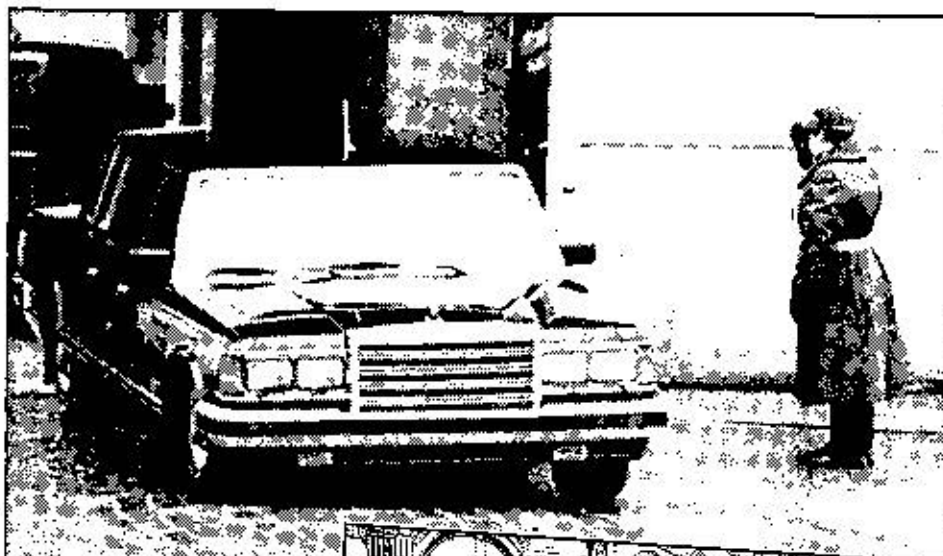
Muscovites usually stop and watch whenever a government Zil flashes past with a hissing of tyres at great speed. They do not stop out of any great respect for the occupant of the car, but because it is a really impressive sight. Even before the Zil has driven out of your gateway, the traffic police posts all along your route have been informed. The lights are green all the way, the car races along without a stop, and you drive quickly and pleasantly. Senior party leaders have obviously forgotten that there are such things as traffic jams and traffic lights at red.

Politburo members are also escorted all the way by another car, a Volga. When I received a number of threatening letters, I was allotted a Volga to accompany me. I demanded that it be removed, but was told that matters concerning my personal security were outside my competence. Thus for a while it became impossible to kill me. I was surrounded by guards. Fortunately, these extra guards were soon withdrawn. The Zil, however, was alongside me round the clock. Wherever I might be, the car, with its radio, was always near. If I drove out of town to spend the night at the dacha, the driver was put up in a special lodge so as to be ready to drive away at any moment. And the dacha is a story in itself.

Before it was allotted to me, it had been occupied by Gorbachev, who had moved into another one that had been built specially for him. When I drove up to the dacha for the first time, I was met at the door by the commander of the bodyguard who introduced me to the domestic staff — the cooks, the maids, the rest of the bodyguard and the gardener. Then began the inspection of the house.

Even from the outside I had been overwhelmed by the size of the place. I went into a hall measuring about 30 by 15 ft with an enormous fireplace, marble panelling, a parquet floor, large carpets, chandeliers and luxurious furniture. We went on, passing through first one room, then a second, a third and a fourth, in each of which was a television set. Also on the ground floor was an enormous veranda with a glass roof and a small cinema that was also a billiard-room.

I lost count of the number of bathrooms and lavatories. There was a dining-room with an incredible 30-foot long table, behind it a kitchen big enough to feed an army, with a refrigerator that was a separate underground room. We went up the steps of a broad staircase to the first floor. Again a vast landing with an open fireplace and a door into the solarium, furnished with rocking-chairs and chaises-longues. After that came the study, the bedrooms, two more rooms intended for I know not what, more lavatories and bathrooms. And everywhere there was crystal, antique



Politburo privileges: Soviet Zil limousine, above; inside Gum, right, the Moscow department store; Brezhnev off-duty at his dacha in the country, far right

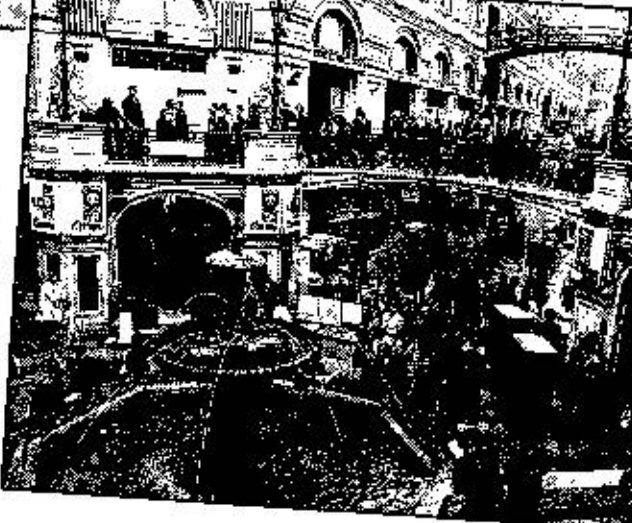
and modern chandeliers, oak, parquet floors *ad infinitum*.

When we had finished the tour of inspection, the commander of the bodyguard, beaming with delight, asked me what I thought of it. I mumbled something inarticulate, while my wife and daughters were too overcome and depressed to reply. Chiefly we were shattered by the senselessness of it all. I will not even bother to discuss such notions as social justice, the stratification of society and the huge difference in standards of living; all of that goes without saying. But what was the point of the whole thing?

Why was it thought necessary to give material expression in such an absurd degree to the fantasies of property, pleasure and megalomania harboured by the party elite? Nobody, not even the most outstanding public figures of the contemporary world, could possibly find a use for so many rooms, lavatories and television sets all at the same time. And who pays for all this? The ninth directorate of the KGB. (It would be interesting to know, by the way, how all this expenditure is accounted for and under which heading of the KGB's budget. Combating spies? Subversion of foreigners by bribery? Or perhaps under a more romantic heading such as satellite intelligence in space?)

There is also a wide choice of places at which to spend one's holidays: Pitsunda and Gagra, on the Georgian coast of the Black Sea; the Crimea; the Valdai Hills, a beautiful region midway between Moscow and Leningrad. The senior officer of one's bodyguard was given about 4,000 roubles just for out-of-pocket expenses. In other words, there was no need to spend any money on the holiday.

These summer dachas are as luxurious as the year-round residences. One is driven to the beach by car, even though the



distance is no more than a couple of hundred yards. I used to walk, of course, as part of my attempt to get a little exercise. I also organised two volley-ball teams. My daughter and I, my assistant and my driver played against the guards; they were young, strong and fit lads, but even so we often won. In short, I tried my best to introduce something human, competitive and energetic into that oasis of artificial communist perfection.

IT MAY be a somewhat controversial opinion of mine, but I do believe that perestroika would not have ground to a halt, even with the tactical mistakes that have been made, if only Gorbachev had been able to get rid of his inhibitions over the question of the leadership's perquisites, if he himself had renounced all those completely useless, but pleasant, customary privileges.

If he had not had built for himself a new house on the Lenin Hills and a new dacha outside Moscow, had not had his dacha at Pitsunda rebuilt and then an ultra-modern one built at Theroin in the Crimea. And then, to cap it all, at the Congress of People's Deputies he announces with pathos that he has no personal dacha. Didn't he realise how hypocritical that sounded?

Everything might then have

happened differently, because people's faith in his slogans and appeals would not have been lost. Without faith even the best and most enlightened changes to our society will be impossible to accomplish. When people know about the blatant social inequality that persists and they see that their leader is doing nothing to correct the party leadership's shameless appropriation of luxuries paid for from the public purse, then the last droplets of the faith they may have had will evaporate.

Why has Gorbachev been unable to do this? I believe the fault lies in his basic cast of character. He likes to live well, in comfort and luxury. In this he is helped by his wife Raisa. She, unfortunately, is unaware how keenly and jealously millions of Soviet people follow her appearances in the media. She wants to be on view, to play a noticeable part in the life of the country. No doubt in a rich, prosperous, contented society that would be accepted as natural and normal — only not in our country, at least not at this time.

Gorbachev, too, is at fault, in that he does not sense people's reactions. But, then, how can he sense them when he has no direct, reciprocal contact with the people? His meetings with workers in public are nothing but a masquerade: a few people



stand talking to Gorbachev, while all around them is a solid ring of bodyguards. Those people chosen to play the part of "the people" have been carefully vetted and selected, and are brought to the spot in special buses.

And it is always a monologue. If somebody says something to him which does not fit into his picture, he doesn't hear it, because he is too busy putting across what he wants to say.

And what about his wife's Zil? What about Gorbachev's proposal to raise the salary of politburo members? Things like that cannot be kept secret; people will always find out somehow. My daughter, at her place of work, is given one small cake of soap per month, which is barely enough for her. When my wife has to spend two or three hours a day queuing in shops and cannot buy the most elementary things with which to feed her family, even she, a calm balanced woman, begins to get irritated, nervous and distressed.

OF COURSE, our party establishment cannot run away and hide; the moment will come when they will have to give up their dachas and answer to the people for having hung on to their privileges tooth and nail. Even now some of them are starting to pay the price for

I suspect, though, this system of privileges will soon be brought to an end. We will give up the system of rationing minor luxuries to a bureaucratic caste and adopt the civilised method, where the only yardstick of all material values will be the honestly earned rouble. I greatly hope this will be so.

When people say behind my back that I refused all such privileges as dachas, special rations and special hospitals for the sake of cheap popularity, to play up to the feelings of the mob which wants everything to be levelled down and demands equal misery for all, I pay no attention to these remarks and I am not offended. I know who is saying these things and why they say them.

But there are quite different people — my friends and allies — who also, when a specific situation arises, ask why, for instance, do I have to refuse the special medical services provided by the fourth directorate of the KGB? How, they ask, can one get the necessary medication nowadays (at that moment I happened to have a cold)? They are simply not to be found: no antibiotics, simple pain-killers, not even vitamin C tablets.

Naturally everyone wants to eat delicious healthy food; everyone wants the doctors to be kind and attentive; and everyone would like a holiday on a lovely beach. And naturally, when I refused to accept all these things, my family immediately encountered numerous problems, exactly the same problems, in fact, which confront millions of Soviet families. Altogether, we are longing to live in the way that the rest of the civilised world lives. And that is why I shall never understand why Gorbachev proudly announced to the congress that he did not own a private dacha.

What is there to be proud of in that fact? It is a disgrace that he doesn't own one. The general secretary ought to have a private dacha, built with his own money that he earned by the sweat of his brow, just like a workman, a writer, an engineer or a teacher. But a state dacha on loan suits him better.

And as long as no one can build or buy their own dacha, as long as we continue to live in such relative poverty, I refuse to eat caviare followed by sturgeon; I will not race through the streets in a car that can disregard traffic lights and other cars; I cannot swallow excellent imported medicines, knowing that my neighbour's wife can't get an aspirin for her child. Because to do so is shameful and writing about all this evokes a host of thoughts about our country; about the way we have chosen to go; about the reasons for our low standard of living; about the perpetual shortages; about spiritual values; about morality and about the future.

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Extracted from *Against the Grain: An Autobiography* by Boris Yeltsin, to be published by Jonathan Cape on March 12, £14.95

NEXT WEEK: GORBACHEV'S WAY

Dispatch Case

In the campaign that preceded his victory in Russia's historic presidential election last week, Boris N. Yeltsin told hundreds of university rectors and other academic leaders that he would make education a "super-priority."

Nikolai Malyshev, head of Russia's State Committee for Science and Higher Education, heralded Mr. Yeltsin's pledge as the "first such statement by a leading [Soviet] politician in decades."

The occasion was a rectors' conference devoted to the prospects of Russian higher education in a market economy. The rectors have been worried that their institutions won't have adequate budgets under the new system.

In an emotional speech, Mr. Yeltsin, a champion of Russian sovereignty and radical economic reform, promised universities that they would be able to keep 70 per cent of their hard-currency earnings. He also supported the idea of setting up new universities in old Russian towns, and he advocated having big programs of student exchanges with Japan, the United States, and Western Europe.

A warm reception for Mr. Yeltsin among participants in the meeting attested to the maverick politician's popularity among Russian intellectuals.

Said Mr. Malyshev in a pre-election interview with the *Russian Gazette*, the official newspaper of Russia's parliament: "We're not indifferent to who'll be Russia's president. I'll vote for Yeltsin. I believe in his sincerity. He is the only candidate who enjoys support not only of the majority of the intelligentsia, but also of broad sections of the population."

But if it's money that the Russian rectors want most, they may be in for something of a disappointment.

Because of a budget deficit, no big increase in subsidies for higher education are likely in the near future, says Arthur Borisyako, a correspondent for the Soviet science weekly *Search*. Instead, Mr. Borisyako suggested in an interview, Russian universities will probably see a system of tax benefits and legal protections under a free-market economy.

Two national organizations in American higher education have formally agreed to join Soviet education officials in an effort to increase the "mobility of students and scholars" between their respective countries.

One focus of the project will be "comparability of academic credentials and degrees" in the United States and the Soviet Union, says a document signed by representatives of the Soviet State Committee for Public Education and, on the American side, of the Association of International Educators, known as NAFSA, and the American Association of Collegiate Registrars and Admissions Officers.

International

'DISTANCE EDUCATION' GAINS GROUND

Britain's Pioneering Open U. Begins Its Third Decade With a New Vice-Chancellor and Big Expansion Plans

By DAVID WALKER

LONDON
John S. Daniel says he had a "startling experience" here last year after becoming vice-chancellor of Britain's renowned Open University. When he announced plans to double its enrollment, he recalls, he was promptly accused of trying to limit working-class access to the institution, which has been an international leader in "distance education" for more than 20 years.

Mr. Daniel says his goal is to expand the O.U.'s undergraduate population, now about 45,000, to about 95,000, by the turn of the century. But some faculty members argued that such an expansion would mean an increase primarily in the number of middle-class students entering the institution, thus reducing the proportion of students from blue-collar homes. The latter category now accounts for about half the university's student body, compared with an average of about 12 per cent at other British universities.

Mr. Daniel rejects his colleagues' contention.

"I do not understand the desire to define a student population in terms of someone's perception of the right mix," he says. "In fact, we have a totally egalitarian entry system. It is first come, first served."

Another policy decision by Mr. Daniel

also has proved controversial. For the rest of the decade he is planning annual increases in tuition, now about \$3,400 for a full undergraduate program, by amounts exceeding the rate of inflation.

Some faculty members maintain that the increases will add yet another barrier to

the admission of low-income students, but again Mr. Daniel disagrees.

Unlike students at other British universities, those who enroll at the Open University get no financial aid from the government. The institution itself receives an enrollment-based government grant for its undergraduate program, and the rest of its courses are self-financing.

Egalitarian Goals

Mr. Daniel, who was born in Britain and graduated from the University of Oxford—his academic specialty is metallurgy—came here from the presidency of Canada's Laurentian University of Sudbury. He found on his arrival that the egalitarian goals that had given birth to the Open University under a Labor government in the late 1960's, if somewhat less pronounced, were still in place.

Indeed, the institution has come through a decade of Conservative government under former Prime Minister Margaret Thatcher—a solid opponent of egalitarianism—with its reputation enhanced and its government financing intact.

Established mainly to offer a second chance to adults who had missed getting into higher education at 18, the Open University was initially an object of suspicion among British Conservatives. In the early

Continued on Following Page



John S. Daniel, vice-chancellor of Britain's Open U.: "I do not understand the desire to define a student population in terms of someone's perception of the right mix."

In France, Correspondence Programs Seek Some Coordination

By JANICE VALLS-RUSSELL

TOULOUSE, FRANCE

In France, which has no institution even remotely like Britain's Open University, "distance education" has been carried out for the past quarter century primarily with meager finances and a lot of good will.

Originating more or less spontaneously in the mid-1960's, it has grown to the point where 23 universities throughout the country provide correspondence courses for some 33,000 people every year.

The participants, who take the same final examinations as regular students do, pay an average of \$75 for a one-year course. The national government supports the programs with an annual appropriation of about \$4.4-million.

But many faculty members consider the time they devote to correspondence courses largely unrewarding, and their programs have little in common.

National Office Proposed

For a while last year, the government seemed interested in supporting a more substantial and cohesive distance-learning system. Education Minister Lionel Jospin commissioned a study of the possibilities by Olivier Duhamel, professor of sociology at the University of Aix-Marseille, and he came up with a plan to provide a modest coordinating office at the national level while retaining the present decentralized structure.

Mr. Duhamel recommended that a cen-

tral office be set up to provide funds for the development of books, films, and data banks for distance education. He also proposed that distance students be given several intensive seminars in a year to supplement the one or two days of direct consultation that most of them now have with their teachers.

Mr. Duhamel's prospectus has gone nowhere since it was submitted to Paris nearly a year ago. The government appears to lack the necessary "political determination" to support his ideas with money, he says.

At the universities, some directors of distance-learning centers are trying to garner support for Mr. Duhamel's recommen-

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In Hong Kong, Institute Regains Confidence After Dispute Over Growth

By CATHERINE BECK

HONG KONG

After several months of controversy over its size, financing, and administration, the Open Learning Institute—Hong Kong's first attempt to develop a comprehensive program of "distance education"—appears to have acquired a renewed sense of optimism.

It has a new director, Gajaraj Dhanarajan, previously the associate director of academic affairs, and a new five-year development plan.

Approved last month by the institute's managing council, the plan seeks the middle ground between rapid expansion—ad-

vocated by Mr. Dhanarajan's predecessor, Donald Swift—and a much more conservative view within the council.

Financing a Key Issue

A key issue is government financing of the two-year-old institute, which is currently receiving a government subsidy of about \$2.7-million (U.S.). The council has reached a consensus that the annual subsidy will decline to about \$900,000 in 1992-93 and end after that. Enrollments, meanwhile, are projected to climb from about 16,500 today to about 27,000 in 1996, a year before the British colony is scheduled to revert to Chinese control.

Mr. Swift, on the other hand, had called for admitting 15,000 new students a year for the foreseeable future. Such expansion, he maintained, would give the institute sufficient revenue from student fees to assure its economic independence.

Fees account today for nearly 82 per cent of the institute's total revenue of about \$19.4-million.

Mr. Dhanarajan, whose appointment was announced last week, conceded that the institute might need occasional government grants beyond the projected cutoff of subsidies. But for the moment a continuing dispute over financing has been circum-

Continued on Following Page

Arms accord leaves US with nuclear strike advantage

FROM JAMIE DETTMER
IN WASHINGTON
AND ANNE McELVOY
IN MOSCOW

GEORGE Bush arrived home yesterday from his last foreign trip as president to praise from the American media, which in recent months have found little right with his leadership. The arms reduction pact that he signed with President Yeltsin at the weekend is being seen in Washington as a remarkable accomplishment, earning Mr Bush the title of the "disarmament president".

With only 15 days left in office, President Bush can congratulate himself, according to American newspapers, on not only having signed the most sweeping nuclear arms control treaty in history but also on having pulled off a stunning diplomatic coup which assures the United States of global nuclear supremacy.

While Mr Yeltsin will face an uphill struggle in gaining the endorsement of the Russian parliament for the second Strategic Arms Reduction Treaty (Start 2), there will be few voices raised in the US Senate against an accord which will cut the nuclear arsenals of both countries by two-thirds but leave America with a clear tactical edge over Russia. Although the agreement virtually wipes out Moscow's ability to launch a first-strike nuclear attack, it only sharply reduces Washington's capability to do so.

Mr Yeltsin's extraordinary good spirits at the Kremlin ceremony stem from his belief that the accord will endear him to the incoming Washington administration. The nuclear legacy clouded relations with America at a time when the Russian leader had come to believe that Washington was the only foreign power that could substantially aid his reform programme. Helmut Kohl, the German chancellor, made it clear on his recent visit

■ Boris Yeltsin, despite knowing he risks hardline anger, has sacrificed military might to win favour with Bill Clinton

that Bonn was unlikely to be able to bale out Russian reform for 15 years.

Start 2 ties Russia closer to America, securing US cash and expertise to help in the dismantling process. Mr Yeltsin has encouraged President-elect Clinton to visit soon after he takes office on January 20 and sent the Bush delegation home bearing the message to its successors that he would like to see Start 2 rewarded with a renegotiated economic aid package.

President Yeltsin, under fire from former communist and nationalist critics who think that he has signed away the country's superpower status, has been quick to point out that the cost of destroying the weapons and extracting and storing fissile material will soon be balanced by savings in the maintaining and servicing of missile silos. "We discussed whether the treaty was more advantageous to one of the parties and came to the conclusion that it was not," he said, adding that even after the implementation of the treaty, Russia would have 3,000 warheads, more than any country other than America.

Both Mr Bush and Mr Yeltsin were at pains at the weekend to emphasise how balanced the treaty was and their aides, particularly the Americans, who are mindful of Mr Yeltsin's weakened domestic position, pointed to the concessions the US had made in order to reach the agreement. These concessions mean the Russians retain the use of 90 silos used for their heavy SS18 missiles and can keep some SS19s by converting them into single-warhead weapons.

However, by signing a pact which eliminates all American

and Russian land-based multiple-warhead missiles, Mr Yeltsin in effect has demolished the cornerstone of Russia's strategic arsenal. Under the treaty, America maintains a multiple-warhead capability by being allowed to keep half of its seaborn missiles armed with more than one warhead. Washington will also end up overall with 500 more warheads than Moscow.

Russian conservatives and nationalists were already talking darkly of how Mr Yeltsin had sold out to the Americans. Mr Yeltsin has sought to answer his critics by saying that while the pact will cut the total of Russian warheads from about 10,000 to 3,000, Moscow will still boast a "powerful shield which is capable of defending Russia". However, in a country that not too long ago had pretensions of global nuclear supremacy, the accord rankles.

The treaty language still suggests a parity of power, which was the assumption of previous disarmament initiatives, but its opponents point out that even if the pact is technically even-handed, Moscow is giving up one of the few remaining planks of former Soviet might. Even if Russia now endeavoured to build up its naval nuclear missiles, as some Russian conservatives fervently hope, the country would still face a disadvantage as America is far more advanced in anti-submarine warfare.

With this tactical edge in mind, Vladimir Belous, one of Russia's leading strategic analysts, argued at the weekend that the "shifting of the centre of gravity of the Russian strategic weapons from land to sea is an unjustified concession to the United States".



183,652. The lower got nine thirds 99.99 per cent of the votes.

Most decisive ■ North Korea recorded a 100 per cent turn-out of electors and a 100 per cent vote for the Workers' Party of Korea in the general election of 8 Oct 1962. The next closest approach was in Albania on 14 Nov 1962 when a single vote-poll secured national unanimity for the official (and only) Communist candidates, who thus obtained only 99.99993 per cent of the poll in a 100 per cent turn-out of 1,627,968.

Most hent ■ In the laborious presidential election of 1927 President Charles D. H. King (1875-1961) was returned with a majority over his opponent, Mr Thomas J. R. Faulkner of the People's Party, officially announced as 231,000. President King thus obtained a 'majority' more than 15½ times greater than the entire electorate.

Highest personal majority ■ The highest ever personal majority by any politician has been 4,725,112 by Boris Yeltsin, the unopposed Moscow candidate, in the parliamentary elections held in

the Soviet Union on 28 Mar 1989. Yeltsin received 5,118,745 votes out of the 5,752,637 which were cast in the Moscow constituency, his closest rival obtaining 292,623 votes. In 1958 W. R. D. Bandara-nanka achieved 91.82 per cent of the poll with 45,016 votes in Anuragalla constituency of Sri Lanka (then Ceylon).

Communist parties ■ The largest national Communist party outside the USSR (15,500,000 members in 1967) and communist states has been the Partido Comunista Italiano, with a membership of 2,300,000 in 1948. The total was 1,600,000 in 1966. The membership in mainland China was estimated to be 44,000,000 in 1967. The Communist Party of Great Britain, formed on 31 Jul 1950 in Cannon Street Station Hotel, London, attained its peak membership of 56,000 in December 1942, compared with 21,269 in 1978 and 8376 in 1988. The decline has been caused by doctrinal disputes and divisions over relations with the USSR leading to expulsions and the formation of new parties or groups within the Labour movement.

Largest ballot paper ■ On 5 Mar 1965 in the State Assembly (Vidhan Sabha) elections in Karnataka, India there were 301 candidates for Belgaum City.

Most coups ■ Statisticians contend that Bolivia, since it became a sovereign country in 1825, had its 19th coup on 30 Jun 1964 when President Hernan Siles Zúñiga, 73, was kidnapped from his official residence by more than 60 armed men.

PRIME MINISTERS AND STATESMEN

Oldest ■ The longest-lived Prime Minister of any country was Natsuboko Higashikuni (Japan), who was born on 3 Dec 1887 and died on 20 Jun 1960, aged 112 years 411 days. He was his country's first Prime Minister after World War II, but held office for less than two months, resigning in October 1945.

El Hadji Muhammad of Makti, Grand Vizier of Morocco, died on 16 Sep 1917 at a reputed age of 316 Muslim (Hijri) years, equivalent to 112½ Gregorian years.

The oldest age of first appointment has been 81 by

Moraji Ranchohodi Desai of India (b. 29 Feb 1856 in March 1877).

Longest term of office ■ The longest serving current Prime Minister is Lee Kuan Yew, Hon. GCMG, Hon. CH (b. 16 Sep 1923) of Singapore, who has been 7 times re-elected and remains in office after 30 years.

Marshal Kim Il Sung (or Kim Sung Chou) (b. 15 Apr 1912) has been Head of Government or Head of State of the Democratic People's Republic of Korea since 25 Aug 1948.

Andrey Andreyevich Gromyko (1889-89) has been Minister of Foreign Affairs of the USSR since 23 Feb 1953, having been Deputy Foreign Minister since 1946, when he was elected President of the USSR in 2 Jul 1955, a position which he held until 20 Sep 1988. Pyotr Lomako (1904-90) served in the government of the USSR as Minister for Non-Ferrous Metallurgy from 1940 to 1956. He was relieved of his post after 46 years on 2 Nov 1986 aged 82, having served in the Central Committee of the CPSU since 1962.

Woman ■ Sirmava Bandaranaitke (b. 1916) of Ceylon (now Sri Lanka) became the first woman Prime Minister when her party, the Sri Lanka (Eelam) Ceylon) Freedom Party, won the general election in July 1960.

Youngest ■ Currently the youngest Head of Government is HM Drak Gyalpo Gendun Chopel Jigme Singye Wangchok of Bhutan (b. 11 Nov 1965), who has been Head of Government since March 1972. The youngest female Head of Government is Benazir Bhutto (b. 21 Jun 1930), who became Prime Minister of Pakistan in December 1988.

EUROPEAN PARLIAMENT ELECTION RECORDS

In the European Parliament elections of 16 Jun 1989 the highest majority in the 91 UK constituency cities was 108,488 (1.7 Smith, Lab) in Wales South East. Lowest was 618 (Mrs A. J. Pollock, Lab) in London South West. Largest and smallest electorates were 515,131 in Jersey East and Hampshire West and 31,129 in Highlands and North. Highest turn-out was 46.8 per cent in Wales North



West was 37.6 per cent in London North East. Northern Ireland voted by proportional representation. At the Hampshire Central by-election on 15 Jun 1989 there was a record low turnout for a by-election in the UK, when only 44.11 per cent of the eligible electorate voted.

MAJORITIES—UNITED KINGDOM

Party ■ The largest single party majority was that of the Liberals in 1832, of 307 seats, with a total of 66.7 per cent of the vote. In 1931 the Coalition of Conservatives, Liberals and National Labour candidates had a majority of 291 seats and 64 per cent of the vote. The narrowest party majority was that of the Whigs in 1842, with a single seat. The highest popular vote for a single party was 15,948,983 for Labour in 1951.

The largest majority on a division was one of 464 104 votes to 13 on a vote of confidence in the conduct of World War II, on 21 Jun 1942. Since that the largest has been one of 451 (487 votes to 26) to 10 May 1967, during the debate on the Government's application for Britain to join the European Economic Community (the 'Common Market').

HOUSE OF LORDS

Oldest member ■ The oldest member ever to sit in the Lower House in November 1922 is believed to be 101 years 202 days. The oldest peer to make a maiden speech was Lord Macrae (1854-54) aged 84 years 123 days after Peersage on 21 Oct.

Youngest member ■ The youngest potential member of the House of Lords is currently the late Lord Hordwicke (b. 2 Feb 1911). The youngest current member to have taken his seat is Viscount Selsby (b. 18 Nov 1965).

POLITICAL OFFICE HOLDERS

Chancellorship Longest and shortest tenures ■ The Rt Hon. Sir Robert Walpole KG, 1st Earl of Orford (1676-1745) served 23 years 6 months as Chancellor of the Exchequer, being office continuously from 22 Oct 1721 to 12 May 1742, except for the period from 26 Apr 1731 to 8 Apr 1732. The briefest tenure of this office was 28 days in the case of the Baron (later the 1st Earl of) Sandwich (1706-92), from 11 Sep to 6 Oct 1767. The man with four terms was the Rt Hon. William Pitt (Gloucester) (1708-98).

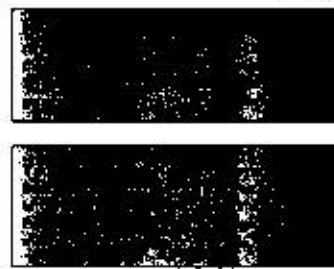
Longest budget speech was that of the Rt Hon. Lord (later Earl) Lloyd George PC, MP (1863-1945) on 29 Apr 1909 which lasted 4 hr 53 min but interrupted by a 30-min lay-off for tea break. It rebounded away after the introduction of an 11% petroleum duty. Mr Haldane spoke for 2 hrs on 18 Apr 1853.

Long Secretaryship Longest tenures ■ The longest continuous term of office of any Secretary has been the 19 years 339 days of Edward Grey KG, MP (later Viscount Grey of Iruay) from 11 Dec 1905 to 9 Dec 1915. The Rt Hon. Henry John Temple, 3rd Viscount Palmerston KG, PC, GCB, in three spells in 1830-34 and 1846-51, aggregated 15 years 295 days.

Secretaryship Longest ■ Arthur Onslow (1788) was elected Mr Speaker on 21 Jan 1788. He held the position for 31 years 43 days, 218 Mar 1791, allowing for the loss of 21 days (Sep 1792).

Youngest ■ The youngest ever woman to be Josephine Berradette Devlin, now Michael McAliskey (b. 25 Apr 1947), elected Ulster (Ind. Cont.) aged 21 years 339 days in 1969. Henry Long (1420-90) was returned 2nd Baron seat at the age of 15. His precise birth is unknown. Minors were delivered in 1860 and in fact in 1882.

■ Sir Francis Knollys (c. 1550-1648). The



oldest Parliament man in England, was re-elected for Reading in 1640 when apparently aged 90 and was probably 91 or 92 at the time of his death.

The oldest of 20th-century members has been Samuel Yaurz (b. 14 Feb 1822), Nationalist MP for East Devon (1882 to 1912), who died on 18 Apr 1918, aged 96 years 63 days. The oldest 'Father of the House' in parliamentary history was the Rt Hon. Charles Delham Villiers (b. 3 Jan 1628), member for Wolverhampton South when he died on 16 Jun 1698, aged 96 years 33 days. He was a member for 65 years 5 days, having been returned at 17 elections. The oldest current member is the Rt Hon. Michael Fox MP (Lab) for Blaenau Gwent (b. 23 Jul 1913).

Longest span ■ Sir Francis Knollys (c. 1550-

1688) was elected for Oxford in 1575 and died a sitting member for Reading 34 years later in 1640.

The longest span of service of any 20th-century MP is 63 years 11 months (1 Oct 1900 to 25 Sep 1964) by the Rt Hon. Sir Winston Leonard Spencer Churchill KC, OM, CH, TD (1874-1965), with breaks only in 1918 and 1922-4. The longest continuous span was that of C. P. Villiers (see above). The longest span in the Palace of Westminster (both House of Parliament) has been 72 years by the 11th Earl of Wemyss and March (1792), who, as Sir Francis Wemyss-Charteris-Douglas, served as MP for East Gloucestershire (July 1841-1846) and Haddingtonshire (1847-50) and then took his seat in the House of Lords, dying on 30 Jun 1914 aged 95 years 339 days. The longest living of all parliamentarians was Theodore Cooke Taylor (1830-1952), Liberal MP for Barrow (1919-28).

Briefest span ■ There are two 16th-century examples of posthumous elections. Capt. the Hon. Edward Legge, RN (1700-47) was returned unopposed for Portsmouth on 15 Dec 1741. News came later that he had died in the West Indies 67 days before polling. In 1780 John Kirriaman, standing for the City of London, expired before polling had ended but was nonetheless duly returned. A. J. Dobbs (Lab. Smithfield), elected on 5 Jul 1945, was killed on the way to take his seat.

Women ■ The first woman to be elected to the House of Commons was Mme Constance Georaine Markievicz (née Gore Booth) (Ire) who was elected as member (Sinn Féin) for St Patrick's Dublin, on 26 December 1918. The first woman to take her seat was the Viscountess Astor CH (1879-1964) (née Nancy Wheeler Lathborne at Danville, Virginia, USA, formerly Mrs Robert Gould Shaw), who was elected Unionist member for the Sutton division of Plymouth, Devon on 29 Nov 1919, and took her seat 3 days later. The first woman to take her seat from the result of a poll was Lady Fisher (née Patricia Smith) an unopposed Ulster Unionist for North Down on 15 Apr 1953 as Mrs Patricia Ford.

The first woman cabinet minister was the Rt Hon. Margaret Cross-Buchanan PC, CH (1875-1963), appointed Minister of Labour in 1931.

Heaviest and tallest ■ The heaviest MP of all time is believed to be Sir Cyril Smith MBE, Liberal member for Rochdale since October 1972, when in January 1975 his peak reported weight was 140.6 kg (310 lb 12.6).

Sir Louis Glickstein GBE, TD, KC (1891-1979), Conservative member for East Nottingham (1901-51), was an unrivalled 202 cm (6' 7½"), current record holder. He is the Hon. Archie Hamilton, Conservative member for Ipswich and Bawley, of 1.98 m (6' 6¼").

Mayoralties ■ The longest recorded mayorality was that of Edmund Mathis (1822-1851) mayor of Elms, Haut-Savoie, France for 75 years (1875 to 1850). The university of the City of London dates from 1192 with the 20-year term of Henry Fitz Ailwyn until 1212. The most elections, since these became annual in 1215, has been eight by Gregory de Rokewey (1274-8 in 1280). The earliest recorded mayor of the City of York, Nigel, dates from 1142. Alderman G. T. Payne served as Mayor of Lübeck, Kent for 26 consecutive years from 1931 to 1961. Cile Denis Martinez was Lord Mayor of Birmingham in 1997, following in office his father, grandfather, great grandfather and great great grandfather.

Local government service duration records ■ The oldest local officer was that of none to supervise elections. First mentioned in 1475, it was held in that of John de la Hay, mayor of London.

Mayor Sir Philip Barber Bt (1820, TD, DL (1876-1901) served as county councillor for Nottinghamshire for 63 years 41 days from 8 Mar 1838 to 15 Apr 1901. Matthew Anderson was a member of the Borough Council of Abingdon, from for 60 years 4

Reliable Source

By Lois Romano



Some From the Heart

■ Feel no pity for **Lorena Bobbitt**. If her best friend is to be believed, the woman spending time in a mental institution for cutting off her husband's penis could have her pick of valentines.

Janna Bisutti, who has often spoken for Bobbitt during these trying times, tells Newsday that the Ecuadorean-born manicurist has received "lots of letters from all kinds of men"—many asking for dates.

"She isn't even thinking about men and dates at this point in her life," said Bisutti. "Her concentration is just to get out of there." Bobbitt was ordered to undergo a 45-day mental evaluation at a facility in Virginia after being acquitted by reason of insanity of the malicious wounding of her husband.

"Most people have come to the same conclusion," said Bisutti: "Don't beat her up and abuse her and she's not going to do anything to you."

Lorena Bobbitt:
All she needs is love.



WE'VE HEARD THAT...

■ For White House aide **Alexis Herman**, universal health care has turned from a policy issue into a personal one. In the past five weeks, she: hurt her knee skiing; broke her left arm in a fall on the ice; and then, earlier this week, was involved in a taxi accident and ended up with a broken right wrist and hand. (That's right, two hands, two casts.) She is expected to use her one uninjured leg to hobble back to the office next week.

■ Times Books, a division of Random House, has acquired American rights to publish **Boris Yeltsin's** account of the recent historic events in the former Soviet Union. Tentatively titled "The President's Journal," it starts with the attempted coup in August '91. It's due out this spring.

■ Washington writer **Chris Buckley's** upcoming novel "Thank You for Smoking"—a spoof about the tobacco, alcohol and firearms lobby—has been scooped up by hunk **Mel Gibson** for a possible feature film. "Maybe this will give him an excuse to take up smoking again," says Buckley of Gibson, reportedly a reformed smoker. The Random House book comes out in June.

■ Our item about **Les Aspin** sightings around town prompted other sources to call and report on what a terrific time the defense secretary has been having during these, his final days at the helm of the department. Let's see: He was breakfasting at the Four Seasons with a date not long ago, at the Bullets-Knicks game the other night, and was enjoying



Herman, top left, going to pieces; Aspin, above, going out in style; Buckley, left, going for smoke.

himself mightily at Old Glory in Georgetown last Friday evening. We might just have to start a "Les's Washington" feature here.

■ The Library of Congress will host an evening of poetry Wednesday, featuring readings by Education Deputy Secretary **Madeleine Kunin**, White House aide **George Stephanopoulos** and TV talk host **Charlie Rose**.

■ Universal has bought film rights to "Zlata's Diary," the acclaimed first-person account by then 12-year-old **Zlata Filipovic** of the siege on Sarajevo, Variety reports.

DOONESBURY

By G.B. Trudeau



IRA's Adams Has New Books, May Speak at ABA

On the eve of negotiations that may at last constructively address "The Troubles" in Northern Ireland, and during the current visit of Gerry Adams, president of Sinn Fein (the political wing of the IRA), Roberts Rinehart Publishers announced that it will publish two of Adams's seminal works on Irish republicanism in May.

Free Ireland: The Road to Peace, published five years ago in Ireland, is Adams's personal statement on the meaning, importance and inspiration of modern Irish republicanism, as well as the author's vision for the future of the country in light of recent talks between Ireland and Britain. Jack Van Zandt, who runs the Roberts Rinehart branch in Ireland, will work with Adams in Belfast to bring the book up to date on his political attitudes and his proposals for the unification of Ireland.

Adams, who for 10 years has been denied a U.S. visa, was also denied one in 1993 to come to the U.S. to promote the U.S. editions of *Cage Eleven* and *The Street*, published by Sheridan Square Press (News, June 14, 1998).

Oren Teicher at ABA has spoken with Rick Rinehart, publisher of Roberts Rinehart, and PGW, the distributor, indicating a willingness to help arrange a speaking venue at the ABA Convention if Adams is allowed to return to the U.S. this spring. "We will continue to strongly support the visa application of any writer to visit the United States to talk about their book, and welcome the apparent partial change of heart by our government with regard to Mr. Adams," said Teicher.

The two-book deal is a coup for Roberts Rinehart, a relatively small company based in Niwot, Colo., which has found an unlikely niche in bringing Irish authors to the American public. "When Jack moved to Ireland, we thought we'd be able to de-

velop a distribution system in Ireland for American writers," said Rinehart. "In fact, the pipeline has worked better the other way." The company has already published 12 Irish authors over the last four years and the list continues to expand. Particularly successful are the books of Tim Pat Coogan (*The Man Who Made Ireland*, a biography of Michael Collins, and *The History of the IRA*, which has sold 35,000 copies since October). —LISA SEE

Lanier Goes Online With Guides

Lanier Publishing of Oakland, Calif. is putting its bestselling *Complete Guide to Bed & Breakfasts, Inns and Guesthouses in the United States and Canada* and three guides to golf resorts on the interactive CompuServe network.

According to Pamela Lanier, author and publisher of the guides, the online service will include two parts for inns: the Bed and Breakfast Guide Online, an electronic database version of Lanier's book; and the Inn Forum, a place for readers to discuss inns, add comments about places they have been, swap recommendations and get recipes for special inn meals. The database is part of CompuServe's basic service, for no charge; the Inn Forum has an added online charge. As an extra incentive, CompuServe is offering one month free access to basic services and a \$15 time credit for new users who call up the b & b guides.

Golf Courses: the Complete Guide; Golf Resorts; and Golf Resorts International have been available on the Bloomberg dedicated financial information service for about a year. The CompuServe availability is recent. The b & b guide has been online since mid-January, the golf guides a little longer. —PAUL HILTS

HOT DEALS

In a coup of its own, the Times Books division of Random House has landed *The President's Journal* by Russian President Boris Yeltsin. Clinched last week, the somewhat unconventional deal calls for Times Books to simultaneously publish the memoir in the U.S. and Canada on May 8, in conjunction with the book's release on that same day in at least 12 other countries.

Terms of the contract were not disclosed by Times Books publisher Peter Osnos, who acquired the project. Osnos did confirm, however, that the deal was handled, not by Yeltsin's agent Andrew Nurnberg, but by a Russian import/export firm called Belka Trading Corporation. Based in Moscow and New York City, Belka bought North American rights to the project from Nurnberg, and has structured what Osnos referred to as a "co-publishing, profit-sharing" situation with Times Books, which will include Belka's name on the book as copublisher; no advance was paid to Yeltsin by Times Books.

The manuscript for the book—which will be excerpted in *Newsweek* in late April, reportedly for a \$200,000 first-serial deal—is currently being translated, chapter by chapter, by Catherine Fitzpatrick, a New York-based freelance translator and former research director for Helsinki Watch.

According to Osnos, Yeltsin plans to donate a portion of the book's earnings to various charitable enterprises and "needy individuals."

Retail orders for the 266-page, \$25 hardcover, which will be rolled out with a 75,000-copy first printing, will be solicited by the Times Books sales team during the company's regional meetings next month, said Osnos.



Yeltsin's memoir will cover his years in power.

As if the staff over at Times Books won't be busy enough with the Yeltsin memoir, PW has learned that the imprint has also jumped on the instant ice-skating scandal book bandwagon (News, Jan. 31) with a quickie mass market paperback chronicling the ongoing Korrikan/Harding saga.

Signed last week and to be produced and distributed in less than two weeks, the book is entitled *Fire on Ice: The Exclusive Inside Story of Tonya Harding*, and is being written by the staff of Harding's hometown newspaper, the *Oregonian*, the Portland-based (and *Si Newhouse*-owned) paper that has broken so many of the still-unfolding stories.

One deal that Times Books, and apparently every other publisher in town, decided to turn down was the one being chopped around by agent Andrew Wylie on behalf of his new client(s), bestselling author Larry McMurtry and the novelist's "companion," Diana Ossana.

Word began circulating early last week that Wylie was looking for a four-book, \$21 million deal for McMurtry, whose longtime agent, Irving "Swifty" Lazar, died last month.

Although Wylie did not return our calls, he apparently pulled the plug on the pitch when no one would pay that kind of money, and McMurtry is going to remain at S & S, which reportedly offered him \$10 million to stay.

—MAUREEN O'BRIEN

Test Measure

By Laurie Garrett

STAFF WRITER

A new way to measure the health effects of HIV in an infected person could dramatically decrease the time it takes to assess experimental AIDS treatments

while
viral
heal

At
repro
HIV
cells

infected with another virus, HTLV-1. Such people, they said, may be very sick while their CD4 levels remain normal.

That's important because AIDS medical care, as well as reimbursements for medical and social services, as well as social services because of

est.
s the nation in HTLV-1 inci-
s is common in the Caribbean
nd is seen among immigrants

NEW YORK NEWSDAY, WEDNESDAY, FEBRUARY 2, 1994

Boris Book to Go to Random House

By Paul D. Colford

STAFF WRITER

After weeks of behind-the-scenes deliberations, Random House apparently has beat out its New York competitors for the right to publish a candid personal memoir written by Russian President Boris Yeltsin.

Although sources said yesterday that an announcement of the deal will be made tomorrow, a Random House spokeswoman cautioned that the publisher had yet to complete its negotiations. Release of the book reportedly is scheduled for May to coincide with publication in other countries.

Yeltsin's book, the auction of which was reported by New York Newsday on Sunday, was described as

"amazingly candid" by a publisher who read it in translation. "It's terrific because you're really inside his skin," the publisher said yesterday. "It is not politically cautious."

Yeltsin mainly covers the past three years, beginning with the tense days in 1991 when he rallied opposition to a stormy coup mounted by hard-line Communists against Mikhail Gorbachev.

In an unusual arrangement, the American publication rights were offered to publishers not by a literary agent but by Belka Trading Co., which counts American oil companies among its clients. The New York division of Belka International Inc., a Moscow company, had bought the rights from Yeltsin's London-based literary representative.

WORLD BRIEFS

Aidid's Coalition: We Won't Retaliate

Mohamed Farrah Aidid's coalition condemned U.S. marines for a shooting that killed at least eight civilians, but said yesterday that its militiamen would not retaliate and violate the truce with United Nations forces.

"We have told our people to remain calm and uphold the three-month-old ceasefire, but the Americans must stop killing innocent

are headed toward confederation with Jordan rather than a separate state. Many Israelis fear autonomy could lead to a Palestinian state, which they consider a threat.

Ukraine to Junk Nuclear Weapons

Ukraine's parliament will approve a disarmament pact that paves the way for ridding the former

NATION BRIEFS

A Drive for S Anti-Smog R

Having made little headway in their own state legislative sessions, environmental chiefs in eastern states and the Columbia voted 9-4 yesterday to ask federal regulators to relax the super-strict California standards through the Northeast.

If the U.S. Environmental Protection Agency agrees

Photographs by RICHARD CORKERY DAILY NEWS

DAILY NEWS • Friday, February 4, 1994

the Martin Lawrence Gallery in Soho (with a party afterward at USA), told us he'd gotten a call from a young artist who was looking for Berman. Why? asked Kostabi. "I want him to represent me," said the artist.

"Why would you want a convicted felon to represent you?" Kostabi asked.

"Why not?" was the reply. "He didn't do so badly by you."

ALL THE PREZ' MEMOIRS

Amid all his duties, President **Boris Yeltsin** somehow or other has found time to write a book. Called "The President's Journal," it reveals intimate, insider details

about the turmoil and challenge of leading Russia from a socialist state into a still-emerging democracy.

Newsweek magazine just announced it will publish excerpts of it this spring, having acquired serial rights to it back in 1991, right after the Second Russian Revolution, from which Yeltsin came away a presence to be reckoned with.

A GOOD RETURN?

Sean Landetta must be lonesome working out there in L.A. with the Rams. The long-time Giant punter, now a free agent, stopped off at Mohan's Custom Tailors to pick out some seasonal

Book by Yeltsin On New Russia

A book by Boris N. Yeltsin providing a personal, day-to-day account of his past two years as Russia's President is to be published simultaneously in at least a dozen countries in May, the book's American publisher announced yesterday.

The book, tentatively titled "The President's Journal," begins with Mr. Yeltsin's role opposing the attempted coup in August 1991 against Mikhail S. Gorbachev and moves on through the dissolution of the Soviet Union and Mr. Yeltsin's own rise to power.

The book also describes Mr. Yeltsin's showdown with the Russian Parliament last October, said Peter Osnos, the head of Times Books, a part of Random House, Inc., the book's American publisher.

NY TIMES
2/4

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A Quadruple Axel: Four Books on Tonya & Nancy

AND THE WINNER is... "The Kerrigan Courage: Nancy's Story" by Randi Reisfeld. Reisfeld's paperback appears to be the first of four "instant books" on the Nancy Kerrigan-Tonya Harding drama to take a bow. The Ballantine paperback will be vying for cash-register gold with "Dreams of Gold: The Nancy Kerrigan Story" by Wayne Coffey and Filip Bondy, published by St. Martin's Press, and "Nancy Kerrigan: Heart of a Champion" by Mikki Morrisette, which BDD Books for Young Readers is shrewdly aiming at kids 8 and older.

The fourth contender as the Winter Olympics get under way this weekend in Norway is "Thin Ice: The Complete, Uncensored Story of Tonya Harding -- America's Bad Girl of Ice Skating" (Pinnacle) by Frank Coffey and Joe Layden.

With each of the paperbacks getting ambitious six-figure printings, some stores may face the challenge of finding adequate space to display four different stacks together.



Paul D. Colford

Sure, there have always been instant books on curiosities ranging from the Warren Commission's report to the Amy Fisher case to President Bill Clinton's proposed health-care reform. But the clubbing of Kerrigan on Jan. 6 and the subsequent revelations about the Harding camp provided only the first impetus to line up instant books; the other was a wish to have books within reach once heightened public attention turns to the skaters' performances in Lillehammer.

Reisfeld, the editorial director of 16 Magazines, has passed this way before. In 1990, she had an uncredited hand in the writing of "Our Story: New Kids on the Block" (Bantam), one of several quick hits that tapped into the short-lived teen craze over the singing group.

Reisfeld said yesterday that Ballantine called her about doing a Kerrigan biography on Jan. 14. "I thought it was a great idea, and



within four hours a deal was done with my agent," she recalled. After phoning, interviewing and poking around Kerrigan's hometown of Stoneham, Mass., she felt she had the goods to turn in a manuscript of about 40,000 words on Jan. 31. Finished books were delivered to Ballantine three days later.

Major revelation: "Nancy was so focused on skating from such a young age," Reisfeld said. "It's unusual for a kid to give up her entire social life. She really had no friends. She really did nothing but skate."

As well as these four books may sell -- and they are competing with saturation coverage in newspapers and magazines, including Newsweek's special Olympics issue featuring Kerrigan on

Please see COLFORD on Page 74

Four Books on Tonya and Nancy

COLFORD from Page 62

the cover -- the real prize may await the publisher that acquires Kerrigan's own story. Word is that Hyperion's children's book division will have an announcement in that regard. The book deal apparently would be in tandem with an authorized TV movie planned by Hyperion's parent company, The Walt Disney Co.

Yeltsin's Publishing Novelty

What's interesting about the arrangement to publish Russian President Boris Yeltsin's memoir of the past three years is that Times Books will be doing so in conjunction with Belka Trading Corp.

Belka, which has offices in New York and Moscow and counts major oil companies among its clients, acquired the U.S. publishing rights to "The President's Journal" from Yeltsin's London-based literary agent, Andrew Nurnberg. By insisting that it be a co-publisher of the book, Belka will forgo the more typical cash advance against future royalties. Instead, Belka will share in the production costs and the profits, which could be significantly higher under the co-publishing setup.

Times Books publisher Peter Ornos, who envisions an initial printing of 75,000 copies, says that Yeltsin won't be making the "Live at Five" rounds in these parts when the book is published in May. However, the president has agreed to do "major television interviews" in Moscow.

Larry King, call your travel agent.

Matter

Many of those who buy books on

Monday will also come away with a pamphlet written by novelist Don DeLillo that reflects on the death sentence imposed by Iranian religious leaders on Salman Rushdie, author now in hiding. Monday marks the fifth anniversary of the fatwa provoked by publication of Rushdie's "The Satanic Verses." Four thousand bookstores plan to distribute the pamphlet, which is endorsed by the Rushdie Defense Committee USA.

The Condé Nast Publications Inc. is looking into a possible purchase of Spy, with an eye toward adding the satirical magazine's 100,000 subscribers to the readership of CNP's Details, according to Fulio: First Day. "CNP is reportedly talking about paying around ten dollars a name," the newsletter says. The move would shut down Spy, which has been needling Condé Nast folks since the beginning... There were many column inches in Monday's newspapers echoing a story in this week's New Yorker about the megabucks being dangled in front of Diane Sawyer by the TV networks. But the real showstopper in the Feb. 14 issue is David ("Lenin's Tomb") Remnick's encounter with Aleksandr Solzhenitsyn, in the Russian writer's Cavendish, Vt., hideaway. Preparing to return home after 18 years in Vermont, Solzhenitsyn says, "Simply put, over eighteen years I have not had one creative drought. Seven days a week, three hundred and sixty-five days a year, without holidays or vacations, I worked, and that's all there is to it... This was the richest period of my creative work."

Handwritten: *Nursing 2/10*

Cover Story

500 DAYS

(L TO R) PHOTOGRAPHS BY DEZORT/PHOTO PRESS/SABA; LE SEGRETAIRI/SYGMA

Massing by the concrete columns of Gorky Park, they marched into the wet gloom of a September night across the Krimsky Bridge toward the Kremlin. By Moscow standards, it wasn't a big demonstration. Many more have taken to the streets this year to support democracy. But the crowd's message was urgent: Scrap entirely the economic system that propelled a huge agrarian nation into the Industrial Age but now is so ossified it can't even bake enough bread.

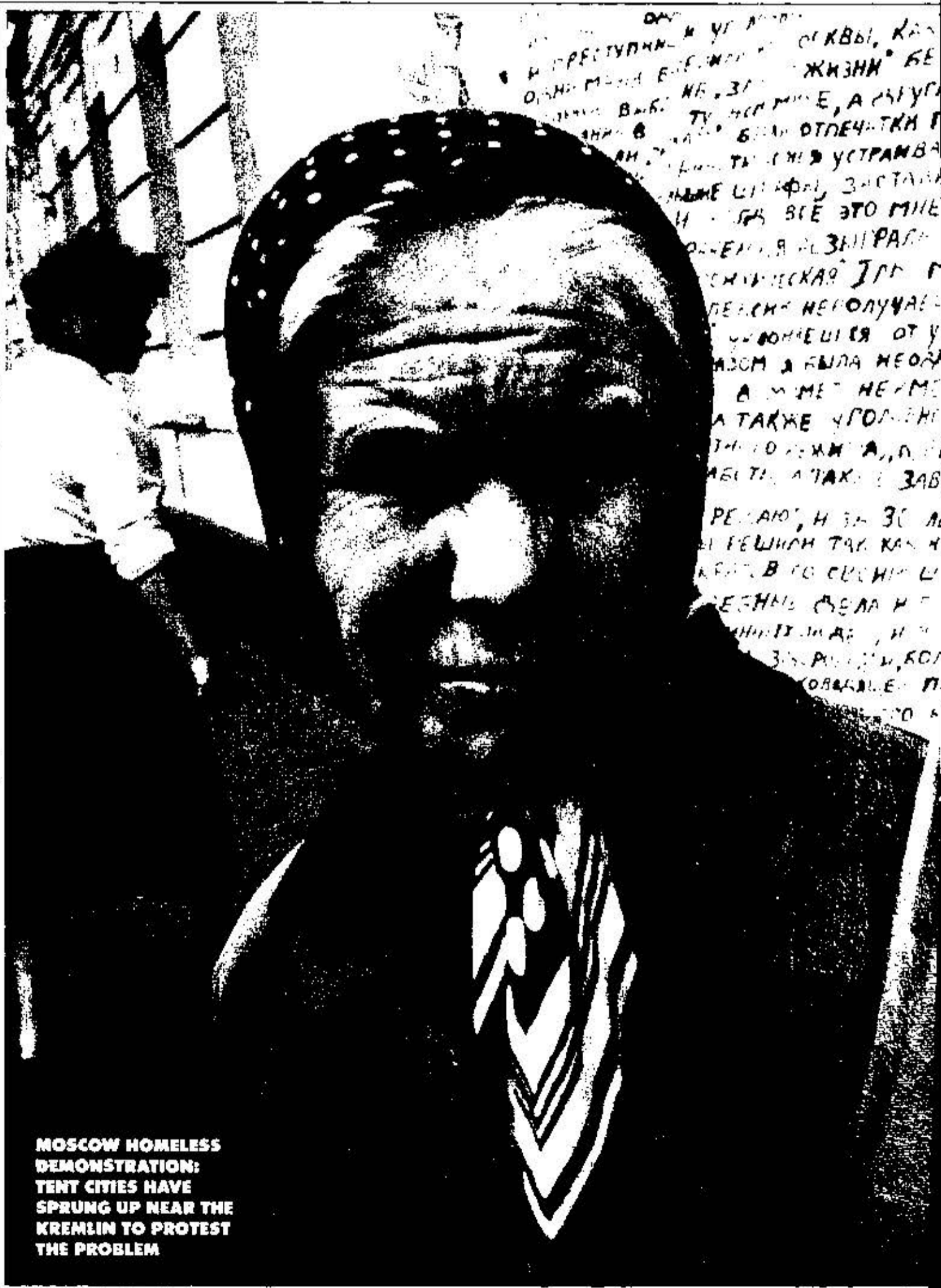
It was unmistakably a capitalist rally.



Yeltsin: He embraced the proposal Gorbachev waffled on

Posters lauded the so-called "500-Day Plan," a blueprint for the nearly complete changeover of Soviet central planning to a free market by April, 1992. "The people here see that the 500-day program is for real people and not the government," said Mikhail Y. Obodovsky, a 21-year-old student at the Moscow Aviation Institute, braving a steady rain to watch the parade. "It will let everyone who wants to work, work and earn money for their work."

LENIN TOPPLES. The program would do far more than that. It's the most radical economic reform in seven decades, a broadside that would reverberate through every facet of Soviet society. It also may be the last chance the country has to sidestep economic collapse and perhaps even civil war. Hardly a day passes without another sign of desperation. More than 1,000 factories have shut because they lack raw materials. Near the Kremlin, tent cities have been set up to



MOSCOW HOMELESS DEMONSTRATION: TENT CITIES HAVE SPRUNG UP NEAR THE KREMLIN TO PROTEST THE PROBLEM

AS THE SOVIET UNION RUNS FULL TILT TOWARD A MARKET ECONOMY, POVERTY AND UNREST ARE SURE TO INCREASE. DOES ECONOMIC REFORM STAND A CHANCE?



protest the growing problem of poverty and homelessness—conditions that communism promised to eradicate. Paramilitary groups are on patrol in Armenia, and guerrillas from rival nationalist factions are skirmishing in Georgia. In the Ukraine, demonstrators have toppled 16 statues of Lenin.

If the plan is implemented nationwide, factories managers long accustomed to taking orders from the top will be forced to find customers for their wares. Workers used to featherbedding and boondoggling will have to produce or lose their jobs. A massive sell-off of state property starting by yearend could deal a final blow to the bureaucracy of central planning created by Joseph Stalin. An emergency program to strengthen the ruble could prevent the Soviet Union's disintegration into a loose collection of 15 restive republics with their own currencies and trade barriers. At the same time, the republics would assume broad new powers to set their own economic policies and control their own resources.

What's more, budgets for foreign aid, the military, and the KGB would be slashed drastically. Central military power would remain in Moscow, as would the elite Defense Council, which controls the Soviet nuclear arsenal. Much broader need for Western investment, aid, and trade could wed the long-isolated Soviet Union to the world economy much faster than anyone



Gorbachev: No choice but to join hands with his old political foe

Cover Story

dreamed (page 145). Quick steps toward making the ruble convertible against other currencies could ease the opening of a new market of nearly 300 million consumers.

The 500-Day Plan also lies at the center of one of the key rivalries in world politics today—between Soviet President Mikhail Gorbachev and Boris N. Yeltsin, president of the Russian republic. Their relationship will determine the future shape of not just the Soviet economy, but also the future of the Soviet Union as a nation.

Both men agreed in late July that the economy was deteriorating so rapidly that they had to stop their sparring. They put together a team of radical economists headed by Grigori A. Yavlinsky, a Yeltsin economic aide, and Stanislav Shatalin, a Gorbachev adviser and radical champion of the free market.

NATIONAL REFERENDUM. Their 500-Day Plan was nearly unanimously approved on Sept. 11 by the Parliament of the Russian republic. But Gorbachev has trouble accepting some of the plan's most dramatic ideological breaks with the past, such as decollectivizing farming and turning state land over to peasants for private farms. Even though he backs the plan in principle, he has presented a watered-down version of it that attempts to keep more elements of Moscow's central authority. Then, on Sept. 17, he took a step backward and called for a time-consuming national referendum on whether to allow private property. The economy can only become even more chaotic if the national legislature adopts a version significantly different from the Russian one.

But Yeltsin, who leads half the Soviet Union's people and commands most of its resources—may now have the winning hand. He vows Russia will stick with the 500-Day Plan no matter what the other 14 republics and the national Supreme Soviet decide. One key test will be over tax policy. Yeltsin's radicals want the republics to collect taxes and divvy them up with the central government. But Gorbachev wants tax control to remain in Moscow, with payments to the republics. If Yeltsin wins, the Kremlin could become a diminished central authority for the entire nation.

Yeltsin's ability to force critical decisions means he's now setting the agenda on Soviet domestic affairs. That's a switch for the pugnacious former boxer who only a year ago claimed that would-be assassins had thrown him in the Moscow River. Today, Yeltsin's overwhelming popularity among the Soviet people leaves Gorbachev in the shadows. "I am absolutely sure that [Gorbachev's] political fate is resting on Yeltsin's policy," says Alexander Drozdov, a former editor of the *Komsomolskaya Pravda* newspaper.

Indeed, Russia's 500-Day Plan was drawn up by economists who defected

from Gorbachev's team to Yeltsin's. Yavlinsky, for one, was an obscure labor specialist with the State Commission on Economic Reform last February when he wrote a script to make the Soviet Union a market economy faster than ever dreamed. He sent it to Deputy Prime Minister Leonid Abalkin, head of economic-reform planning in the Gorbachev government. When Abalkin rejected it, Yavlinsky turned to Yeltsin, who liked what he saw.

At the time, Yeltsin was about to stage a political comeback. He was preparing his campaign in the first multicandidate elections ever for the presidency of the Russian republic. In 1987, he had been humiliated by being forced out of the ruling Communist Party Politburo for complaining about the slow pace of reform and clashing with Gorbachev over the Soviet leader's growing personal power. When Yeltsin won the Russian presidency in June, he quickly made Yavlinsky his top economic brain truster.

Then, in July, competition between Yelt-

sin and Gorbachev reached a boiling point. Spats erupted between Moscow and the republic over the control of banks, oil deposits, and gold reserves, while shortages spread even to such basics as tomatoes and onions. Gorbachev and Yeltsin opted for cooperation and sent a team of mostly younger economists to the wooded seclusion of a government dacha in the historic Moscow suburb of Archangelskoye. Throughout August, the team of 13 economists, including Yavlinsky and Gorbachev advisers Shatalin and Nikolai Petrakov, worked day and night, breaking twice to meet with Yeltsin and three times with Gorbachev. The group persuaded the Soviet president to go along with the radical 500-Day Plan at one watershed, six-hour Kremlin session. Says Boris Fyodorov, the Russian republic's 32-year-old minister of finance: "Very informal people without ties and with beards went to the Kremlin for the first time in their lives. We spoke in plain terms and explained that Mr. Abalkin is ignorant of economics."

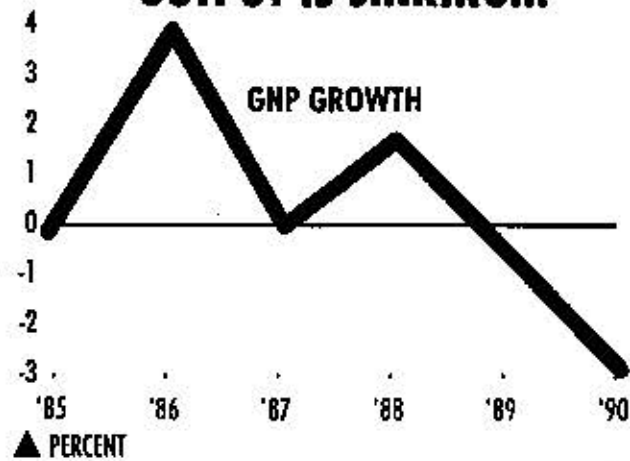
The key element of their plan, finished on Aug. 28, is strengthening the near-worthless ruble. Though its official exchange rate now is \$1.67, the ruble has tanked so badly over the past two years that it trades for as little as 4¢ on the black market. Unless it can be shored up, the Soviet economy will lose the use of its own money. Trade among factories already has devolved into an almost feudal bartering system. The crisis is igniting movements for independence or sovereignty in almost every republic, hastening the breakup of the Soviet Union.

STUFFED MATTRESSES. According to the plan, the Soviet Union will transform its banking system into a U.S.-style Federal Reserve system comprising 15 republic reserve banks that would jointly determine monetary policy. That policy is almost certain to tighten the supply of money, ending the Gorbachev practice of printing so many rubles that the Soviet treasury is running out of ink. Meanwhile, the government would try to slash its 170 billion-ruble budget deficit by cutting foreign aid by as much as 75%, slashing the KGB budget by 20%, and squeezing health and education programs. Economists estimate that the sell-offs could sop up 30 billion rubles, about 10% of the potentially inflationary overhang of 300 billion rubles stuffed in Soviet mattresses.

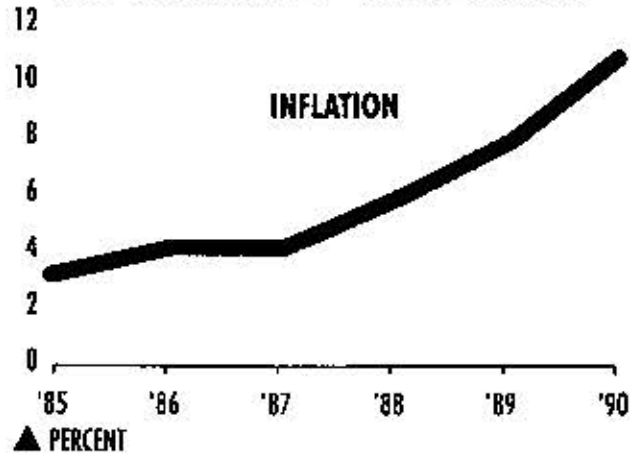
The plan also calls for bringing the ruble's worth closer in line with reality. On Nov. 1, Gorbachev would have it devalued to 50¢, about two-thirds of its present official worth. Further devaluations would likely follow over the next year as new currency auctions and currency-trading outlets would be set up all over the country. Through this process, the ruble would become convertible internally, and enter-

HOW PERESTROIKA RUINED THE SOVIET ECONOMY

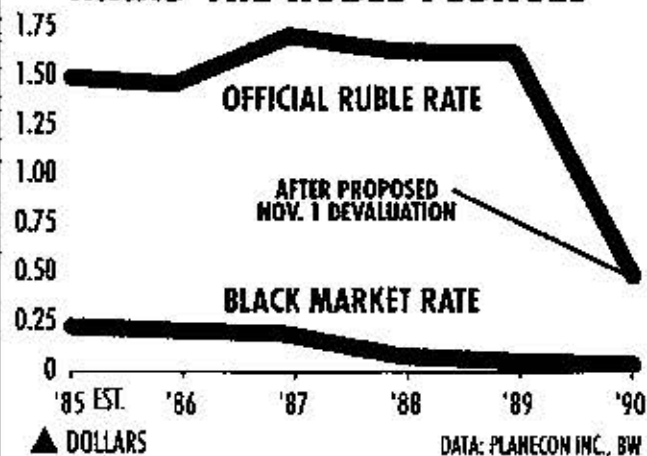
OUTPUT IS SINKING...



...PRICES KEEP CLIMBING...



...AND THE RUBLE PLUNGES





EPHYMOV/NOGUES/SYGMA

AFFARI ESTERI

UNIONE SOVIETICA/LA RUSSIA CONTRO LE ALTRE REPUBBLICHE

Boris, nostro zar

Nostalgici, riformatori, fascisti, antisemiti: nei comizi oceanici contro Gorbaciov Eltsin raccoglie gruppi eterogenei. Uniti da un solo obiettivo.

di SANDRO OTTOLENGHI

Dicono gli amici che Boris Eltsin non abbia dormito due notti di seguito nello stesso letto la settimana scorsa. Aveva paura che qualcuno bussasse all'improvviso alla sua porta. Era convinto, dicono, che alla vigilia del referendum di domenica 17 lo avrebbero fatto sparire. «Mi hanno buttato una volta nella Moscova» confidava Eltsin ai suoi collaboratori «ho evitato strani incidenti d'auto, mi hanno calunniato, mi hanno accusato dei peggiori vizi, hanno

fotografato la mia vita privata. Adesso non gli resta altro che farmi fuori».

Mosca è abituata alle congiure di palazzo e, uscita dal parlamento russo, la clamorosa ipotesi di un delitto politico, e proprio nell'imminenza di una prova decisiva per Mikhail Gorbaciov, come la consultazione sull'Unione, trovava qualche sostenitore, anche al di fuori dei clan dei riformatori. «La lotta tra i due leader, quello che sta dentro

quello che sta dentro

MINACCE. Eltsin



A. AJAKIAN

POLICE UNDER FIRE

**BORIS
YELTSIN,**

**the bad boy of
Soviet politics,
battles Gorbachev
in a crucial vote
this week**

Russia's Maverick

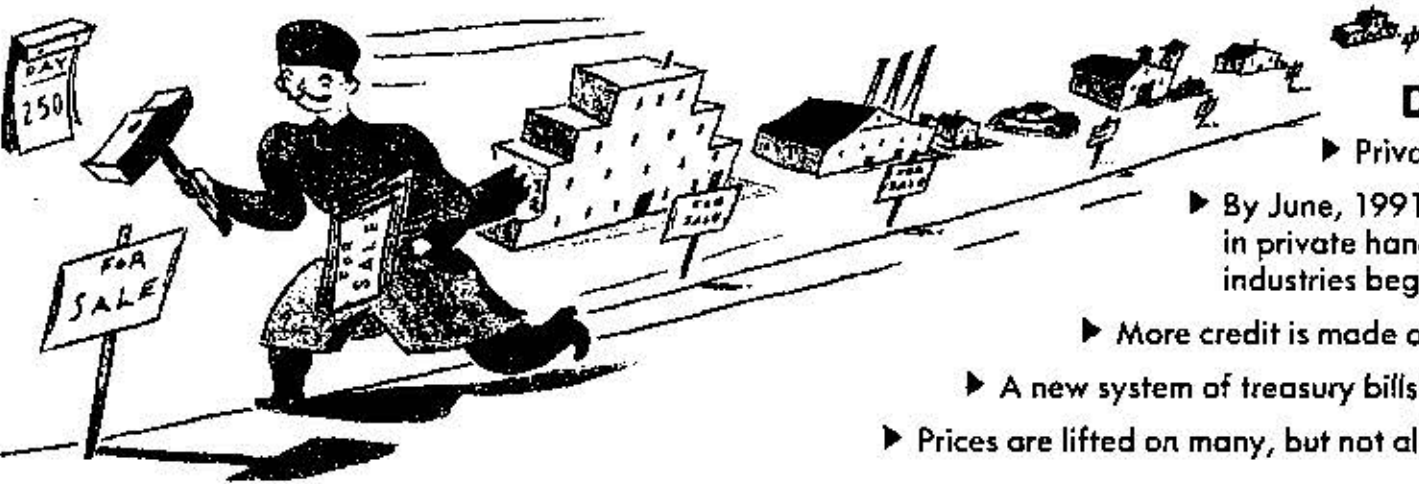
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THE TIMETABLE FOR ECONOMIC REFORM—IF EVERYTHING WORKS

THE FIRST 100 DAYS

- ▶ Officials prepare an inventory of state property to begin a massive sell-off of everything from KGB Chaika sedans to unfinished construction projects
- ▶ Collective farms and state lands are broken up into individual plots to be auctioned off to farmworkers
- ▶ Sell-offs of state companies begin
- ▶ To reduce the central government's huge deficit, Moscow cuts three-quarters of foreign aid to client states such as Cuba, slashes the KGB's budget by 20%, and trims defense spending by 10%
- ▶ Devaluation on Nov. 1 reduces the ruble's value substantially. A banking system modeled on the U.S. Federal Reserve is launched to ensure tight money and buttress the ruble

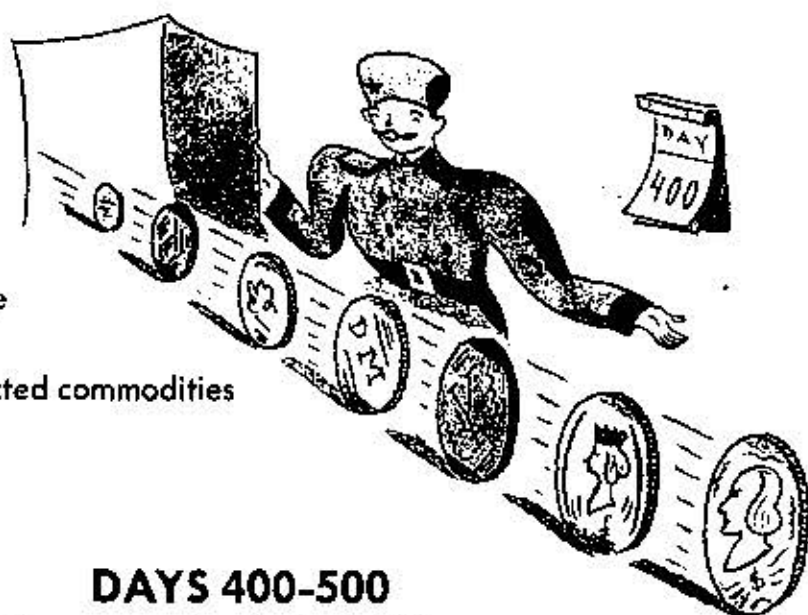


DAYS 100-250

- ▶ Privatization speeds up
- ▶ By June, 1991, half of all restaurants and shops are in private hands, and the sale of the nation's largest industries begins
- ▶ More credit is made available to individuals
- ▶ A new system of treasury bills is introduced to finance the budget deficit
- ▶ Prices are lifted on many, but not all, consumer goods

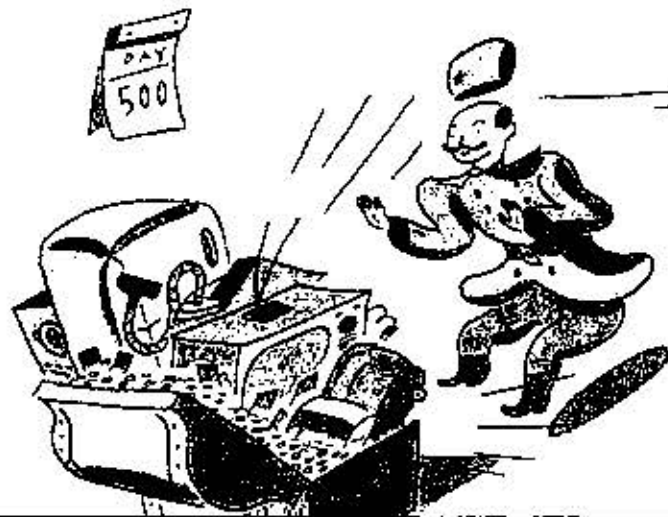
DAYS 250-400

- ▶ The ruble debuts as a hard currency, but convertibility is allowed only within Soviet borders
- ▶ Soviet privatization continues with 40% of Soviet industry held by individual shareholders, worker groups, and foreigners
- ▶ Two-thirds of the service sector, from auto repair to barber shops, is in private hands with market-driven prices
- ▶ Price controls remain only on some food items, oil, gas, drugs, and other selected commodities
- ▶ As factories close and prices rise, social unrest increases



DAYS 400-500

- ▶ The economy begins to stabilize as deregulation and market prices increase the supply of goods
- ▶ New banking system is complete, and a foreign-exchange market shifts into high gear, but the ruble is not yet fully convertible
- ▶ Some 70% of industry and 90% of retail trade and construction are now privately owned
- ▶ Longtime restrictions on migration within the Soviet Union are loosened so unemployed workers can travel to find new jobs



prises could freely sell rubles for dollars or Deutschmarks. By the end of 1991, the exchange rate should be set by the internal market, not by the government, says Yavlinsky. Sometime next year, Soviet citizens would likely be given the right to buy hard currency freely, too. New customs regulations will even allow Soviets to shop by catalog from the West.

ENDING 'DOLLARIZATION.' If these steps don't shore up the ruble, some tougher measures could be put in action, at least by the Russian republic. It may prohibit shops and services from selling goods for anything other than rubles. Such a strin-

gent measure would wreak havoc on the hundreds of joint-venture shops and cooperatives that have sprung up over the past three years and are accepting foreign currency only. But, says Russian republic Finance Minister Fyodorov: "We must stop the dollarization of the economy, which weakens the ruble."

Meanwhile, Russia is already working on its own privatization law and methods for handling its sell-off, scheduled to start Oct. 1. While rich individuals and extremely successful black marketeers have large stashes of cash, individual Russians actually don't have big savings—the average

bank account is about 500 rubles. So state assets are likely to be priced low enough that people can afford to buy. Military trucks worth 70,000 rubles that were sent to farms to help with this year's harvest may be sold for as little as 15,000 rubles each. Shares in stores and enterprises may be sold to their workers for symbolic sums. "It will be a gift for the risk that the workers are going to take," Yavlinsky says.

If the privatization program works, it will finally set thousands of Soviet factories free from central planning and force them to sink or swim financially. The pres-

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THIS RECESSION WEARS A WHITE COLLAR PAGE 130

BusinessWeek

OCTOBER 1, 1990

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Soviet Economic Reform

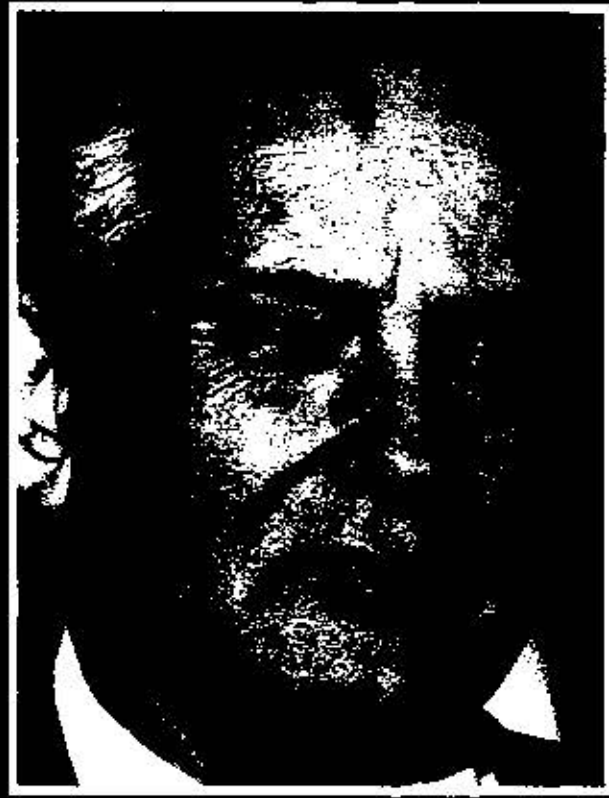
BOO

Does It Stand A Chance?

PAGE 138

DAYS

Mikhail S. Gorbachev



Boris N. Yeltsin



RE DELLA SERA



QUEL DRITTO DI ELTSIN



autonomie alle Repubbliche: solo così, secondo Eltsin, si potrà salvare l'Unione Sovietica dall'abisso.



Nato nel 1931 in un villaggio sugli Urali, Eltsin è considerato il politico che più incarna l'anima popolare



Spingere a fondo sul pedale della perestrojka e sconfiggere i vecchi equilibri di potere concedendo ampie

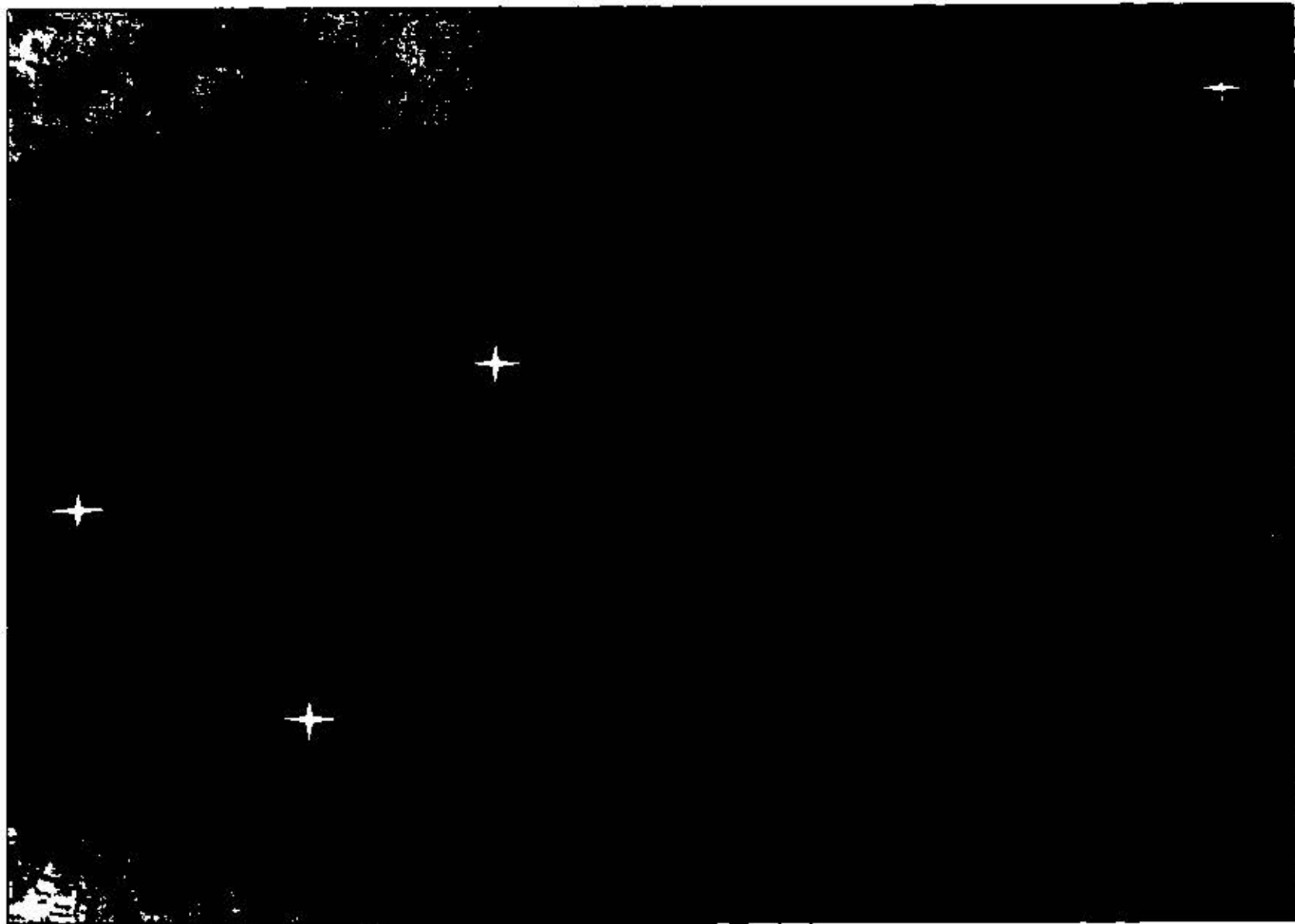
The Economist

A SURVEY OF RUSSIA

Russia reborn



OUR COMMITMENT TO EASTERN EUROPE



© by Kummerly & Frey

IS WELL MAPPED OUT

At Citibank we're fully committed to supporting the economic regeneration of Central and Eastern Europe.

We're committed to helping it develop an efficient, modern banking system.

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That's why we were the first US bank into Warsaw, the first into Budapest and one of the first into Prague.

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RUSSIA

The sixth wave



This time we mean business

IN THE past three centuries, Russia has seen five great waves of liberalisation. On each occasion, the impetus towards reform lasted no more than a decade before being crushed by renewed autocracy.

The sixth wave was unrolled by Boris Yeltsin in October 1991, and is ending in failure after barely a year. The economy is shrinking. Prices are soaring. The parliament and the government are locked in a battle which is not just about how fast the economy can be reformed and who should be in charge, but about whether it can be reformed at all and whether anyone can stay in charge long enough to make a difference. The chaos has become so great that many Russians want to abolish parliament and impose direct presidential rule.

Such an outcome breeds deep pessimism about Russia. On the pessimists' view, the costs of reform seem so high and the deadweight of history so crushing that the effort cannot be sustained. Russia, it seems, is just different. Liberalisation will never work there.

This survey questions that judgment. It argues that though the first stage of reform has ended, its true costs are smaller than they appear and the potential benefits much greater. It also argues that Russians have adapted to economic change more quickly than anyone had expected; that the gravest threat comes from the failure to implement political change; but that Russia has changed so greatly over the past few years that its chances of eventual success are greater than they have ever been.

"Russia", wrote Sergei Witte, "in one respect

represents an exception to all the countries of the world... the exception consists in this, that the people have been systematically, over two generations, brought up without a sense of property and legality." That was written in 1905. Since then, three more generations have been brought up under a government that denied private property and used the law as a weapon for enforcing its political will.

Is it really different?

Communism lasted longer in Russia than anywhere else and moulded it more completely. Only Russia went through the transformation to an industrial economy under communist rule. Because many of its current reforms are an attempt to undo communism's legacy, the task is correspondingly greater than elsewhere.

Moreover, in most other recovering communist countries, reform is made easier by distant traditions of free-market democracy. But communism was not the alien imposition in Russia that it was in Czechoslovakia or Ukraine. Russia has never been a democracy, and it had patterns of communal ownership long before 1917. In the areas of the tsarist empire that comprise modern-day European Russia, communal land-holding was almost universal.

The communal system also underpinned the attitudes towards property and law that Witte identified and communism exaggerated. In so vast a country, communes formed little worlds of their own, protecting villagers from outside (the Russian word for commune, *mir*, also means both "world"

More than 250 of the past 300 years of history suggest that Russia is uniquely incapable of reform. John Parker argues, however, that it is at last becoming a normal and reformable country





and "peace"). In such enclosures, concepts of law were rooted in custom. So two features of a state based on law did not exist in Russia before the revolution and were not created after it: that the law is uniform and internally consistent.

In a sense, modern states are arrangements for embodying ideas about law and property. They are based on the notion that citizens come together for mutual protection in circumstances embodied in law and enforced by the actions of government within the law. It is in this sense that Russia is different: it has never been a state and is not one now.

That may seem a surprising claim. Russia's government and parliament, after all, have been elected by its people. The government is internationally recognised as having control of its territory. Russia is linguistically uniform and ethnically relatively homogeneous. But these are only some of the attributes of statehood. In other respects, even obvious ones, history denies that Russia is a state:

- In the 19th century, a powerful school of thought, the Slavophiles, did not recognise Russia as an independent nation-state but as the biggest part of a union with other Slav states like Ukraine and Belorussia. Such attitudes persist. In 1989 Alexander Solzhenitsyn argued that the three Slav republics, plus northern Kazakhstan, should unite to form a new Russian union.

- The government which embodied this union in the past was the personal possession of the tsar. "His majesty is an absolute monarch who is not obliged to answer for his actions to anyone in the world," ran the military regulation of Peter the Great. This was still in force in 1900. After the fall of the tsar, the Communist Party took over this function. It was "the leading and guiding force of Soviet society," explained the Soviet constitution, which was still in force in 1990.

- The Soviet Union denied Russia attributes of statehood that other republics of the former Soviet Union retained. All other republics had their own communist parties, academies of sciences, and other identifying features of nationality. Soviet Russia had not.

- Russia has never existed within its current borders. It is smaller than the Soviet Union and than the tsarist empire which preceded it. The indepen-

dence of Ukraine—the single largest geographical difference between modern Russia and the Soviet and tsarist empires—means that Russia's geographical centre lies farther from the law-based states of Western Europe than it has ever done.

- Sprawling over the endless plains of Eastern Europe and Siberia, Russia has no natural borders. This confronts modern Russia with problems that no other state faces. More than 25m Russian-speakers live outside Russia. It has had to give huge sums to other former republics to help them import Russian goods so as to prevent economic chaos hurting Russian-speakers there.

- Russia also faces greater ethnic strains than most—though not all—national states. Although the majority of the population is Russian, the Russian republic is still a multi-ethnic empire, not a nation state: 27m non-Russians live in 20 "republics" inside Russia with their own constitutions and laws. So the Russian nation cannot be identified with the current Russian Federation. There are two words for the country's inhabitants: *Russkiye* (ethnic Russians) and *Rossianie* (ethnic Russians and non-Russians—Russianers). When parliament proposed calling the country plain "Russia", people objected. "Russia" would have meant the land of the *Russkiye* only. The country had to be called the Russian Federation—the land of the *Rossianie*. There is a parallel with the English: the dominant nation's national identity is tenuous and not synonymous with the state.

Can it change?

Behind the pessimism about Russia's chances of reform lurks the notion that Russia is not only not a state now, but that it never will be. The character of Russians themselves, it is often argued, prevents change. As Viacheslav Chornovil, the leader of the Ukrainian opposition, puts it:

I think that [Yegor] Gaidar has taken the right direction. So why are his reforms failing? Either his team is inadequate or (more likely) the Russian people have been so ruined by socialism that you cannot do anything with them.

Even if that were true, it is worth noting that people can change. In the 19th century, foreigners also dismissed the possibility that Japan could reform. "Wealthy we do not think it can ever be," wrote one. "The love of indolence and pleasure of the people themselves forbid it."

Social science does not support the view that Russians are more hostile to free markets than other people are. The most extensive comparative research shows they are just as tolerant of income inequalities as Americans are, no more attached than they to "fair" (ie, uneconomic) prices; that they have a stronger appreciation of the importance of economic incentives; and that such differences as do exist—Russians are less likely to count private businessmen among their friends—can be better accounted for by differing political experience than by deep social dissimilarities.*

This should not really come as a surprise. The Russian aversion to free markets is the product of

*Popular Attitudes Toward Free Markets: the Soviet Union and the United States Compared". By Robert Shiller, Maxim Boycko and Vladimir Korobov. *The American Economic Review*, June 1991.



Confronting the past



the commune system and of communism. Both have been destroyed. In the past 30 years, Russia has experienced the fastest urbanisation rate in the world. In 1939 two-thirds of its population lived on the land. As recently as 1970, half the population was rural (the same share as Morocco today). Now, three-quarters of Russians live in cities, and Russia has the demographic characteristics of western countries: a literacy rate of 99%, and 96% enrollment in secondary schools. Communalism is dead. And so, of course, is communism, taking with it the traditional lines of Soviet authority.

At the political level, Russia's current reform is taking place in more auspicious circumstances than any previous one. Earlier reforms failed partly

because they were imposed from above. Boris Yeltsin's election as Russian president in 1990 made, for the first time, a contact—fragile and shifting as it may be—between government and governed. His reforms are also unfolding in an international context quite unlike previous attempts. All took place at times of war, or when Russia had to assume the hostility of most neighbouring countries. That Russia is now at peace and a recipient of aid is a fact of historical significance beyond that aid's immediate financial benefit.

These are the reasons for believing that Russia has a greater chance of reforming successfully in the late 20th century than ever before. Turn, now, to the question of how reform is working in practice.

Reaping the whirlwind

LESS than six months after the collapse of communism and one month after the collapse of the Soviet Union, Russia's government embarked on a programme of radical economic reform. It had two aims: to stabilise a chaotic and inflationary economy in transition to capitalism, and to open it up to competition and private ownership. A team of young reformers took over under Yegor Gaidar, the programme's architect, who was appointed minister of finance and later (acting) prime minister. Reform began immediately by trying to do everything at once.

On January 2nd 1992 price controls on 90% of goods were abolished. Prices rose by an average of 250% the next day. Also, companies were allowed to buy foreign exchange for imports at floating rates, though they had to sell a share of export earnings to the government at fixed rates. Surprisingly, though this time advantageously, the price of the rouble also rose.

Because of extreme fiscal instability, the government began drawing up budgets quarter-by-quarter. The first-quarter budget deficit was slashed to 1.5% of GDP by sweeping cuts in arms procurement and food subsidies. Russia's share of the 1991 Soviet budget deficit had been a staggering 31% of GDP.

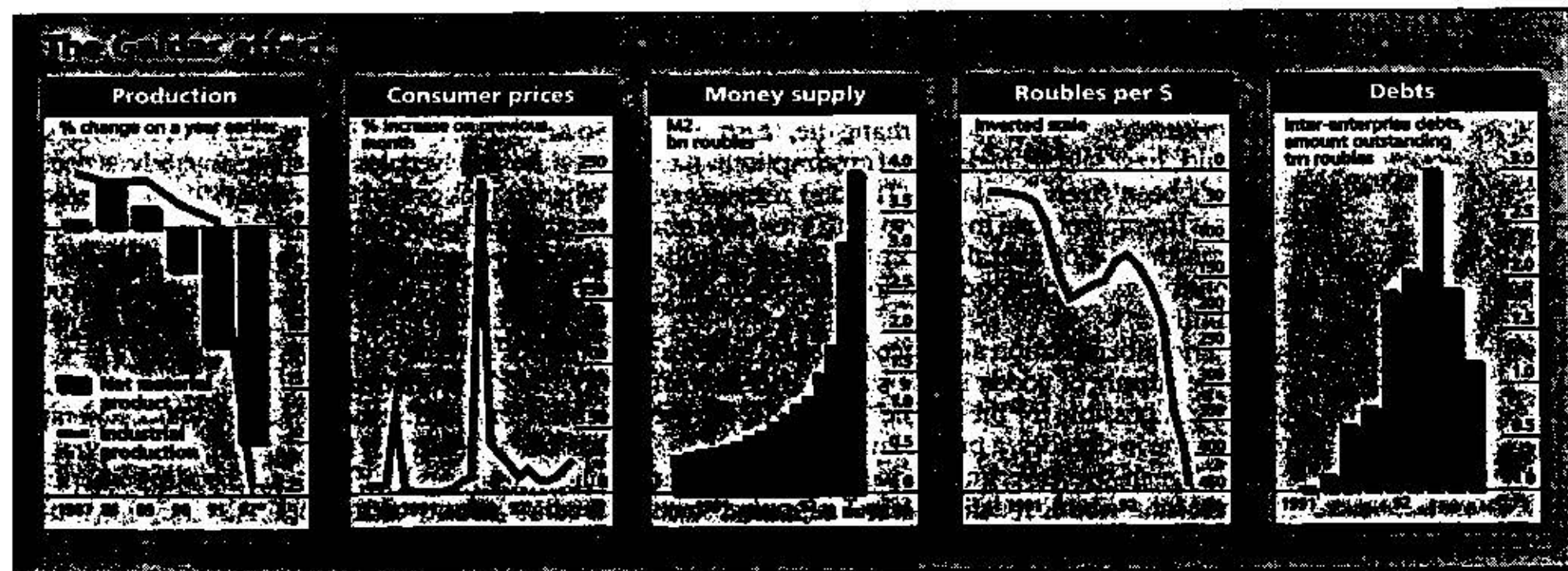
Mr Gaidar's team also began preparing the biggest privatisation programme in history. This

started in April with the sale of municipally owned shops. The government also said that state and collective farms must turn themselves into joint-stock companies owned by the workforce, and must sell plots of land to anyone who wanted to farm privately. In June the government told all large and medium-sized firms to make themselves into share-holding companies, and to choose which of the two main routes to privatisation they wished to take. The process culminated in October when the government started to issue 10,000-rouble vouchers to every man, woman and child in Russia for use in buying these firms.

Long before that, however, "shock therapy" had proved too shocking for most politicians. In April, with supply and demand both falling and prices soaring, parliament attempted to reflate the economy by passing a second-quarter budget which would have increased the deficit to 23% of GDP. In the event, the threat of a government resignation reduced the deficit—but only to 11% of GDP. A subsequent government reshuffle brought in men who, unlike the Gaidar team, had made their careers running state firms.

This was a concession to the industrial lobby, which had emerged as a formidable obstacle to stabilisation. As demand fell, companies began financing their operations by running up debts to

Is the economy reformable?





each other. The value of these debts exploded: standing at 39 billion roubles (\$170m) on January 1st, they peaked at 3.2 trillion in mid-June. That was more than all the money then in circulation.

Under these pressures, the government abandoned stabilisation in the third quarter. The budget deficit rose again, to more than 600 billion roubles—15% of GDP. Dreadful as this was, it understated the expansion of the money supply. The central bank gave companies more than 1 trillion roubles, either directly by indexing working capital or indirectly through commercial-bank and other credits—almost twice as much as was needed to finance the budget deficit. A further 300 billion roubles went to republics of the former Soviet Union to finance Russian imports. Between July 1st and October 1st, the central bank printed over 2 trillion roubles. The stock of money on July 1st had been 1.4 trillion roubles. In the four months following a ninefold rise in prices, money supply had trebled.

Case for the prosecution

The first year of reform is ending with the government's programme in ruins. Prices have risen by over 2,000%. The quarterly budget deficit went from 1.5% of GDP to 15%. Considered as a stabilisation programme, the reforms have failed. The rouble is plummeting; so is foreign trade; dollars earned from exporting are stashed abroad. Considered as a programme to attract foreign investment and integrate Russia into the world economy, reform has also failed. And judged by ordinary standards—in terms of growth and living standards—it has been a disaster. Output has fallen at least 20%, real wages by over 40%.

That is the opinion of almost all Russians, and many westerners too. They say that shock therapy has failed because it imposed intolerable costs on the economy. The costs were so great because the economy is too weak and too resistant to change. And because of its resistance to change, Russia is about to experience the worst disaster that can befall any economy: hyperinflation.

These charges are grave, to say the least. And their implication is plain: reform cannot be sustained. Yet this conclusion needs to be questioned. For the first three charges are provably wrong, and the fourth—namely that Russia cannot avoid hyperinflation—is doubtful.

Did reform fail?

The reforms had some successes. Prices were freed without causing riots. Price liberalisation wiped out Russia's monetary overhang (ie, cash that would have been spent on consumption, had goods been freely available). The best measure of this is the ratio of total money to GDP. This fell from 7% on the eve of liberalisation to 1.5% after it. Its abolition was a precondition for macroeconomic stability.

Price liberalisation also encouraged an increase in the supply of goods in the shops. This in turn made it possible for the rouble to become, for the first time in decades, a proper currency.

Though the government overshot its full-year target for the budget deficit—it was supposed to be 5% of GDP, but the average figure is likely to be over 10%—even that was better than 1991's 31%. The main



A little voice told Gaidar to do everything at once

shortfall was on the revenue side, a problem that affects many developing countries. The government scrapped the old tax system based on confiscating company profits and pocketing the difference between (controlled) wholesale and retail prices. What replaced it was a recognisably capitalist tax system, based on a value-added tax (VAT) of 28%, plus a company-profits tax and a personal income tax. This meant requiring a rudimentary internal revenue service to collect a complex system of taxes with the highest VAT rate in the world. Only 80% of VAT was collected.

On the spending side, however, the government proved itself efficient, sometimes brutally so when it resorted to delaying promised wage rises. In comparison with its monetary policy, its fiscal policy was reasonably successful. In comparison with the ludicrous and damaging paper shuffle of the final years of the Soviet budget, it was a miracle. Reform saved the public finances.

This was critical because the system of government cannot survive unless public finances work. So Mr Gaidar should be credited with a further success: he survived longer than anybody expected. When he took over at the end of 1991, he was seen as a kamikaze pilot on a mission to crash the aeroplane of government into the command economy. By surviving so long, he has steered Russia through the dangerous period of initial economic change at a time of extreme political uncertainty.

These achievements, though, are not the main reason for rejecting the charge that "shock therapy" has failed. It has not failed, because it was not applied. Observers have become so used to describing Russia's reform as a shock that they have overlooked its limitations. Oil prices were not freed. They were administratively raised. On average in

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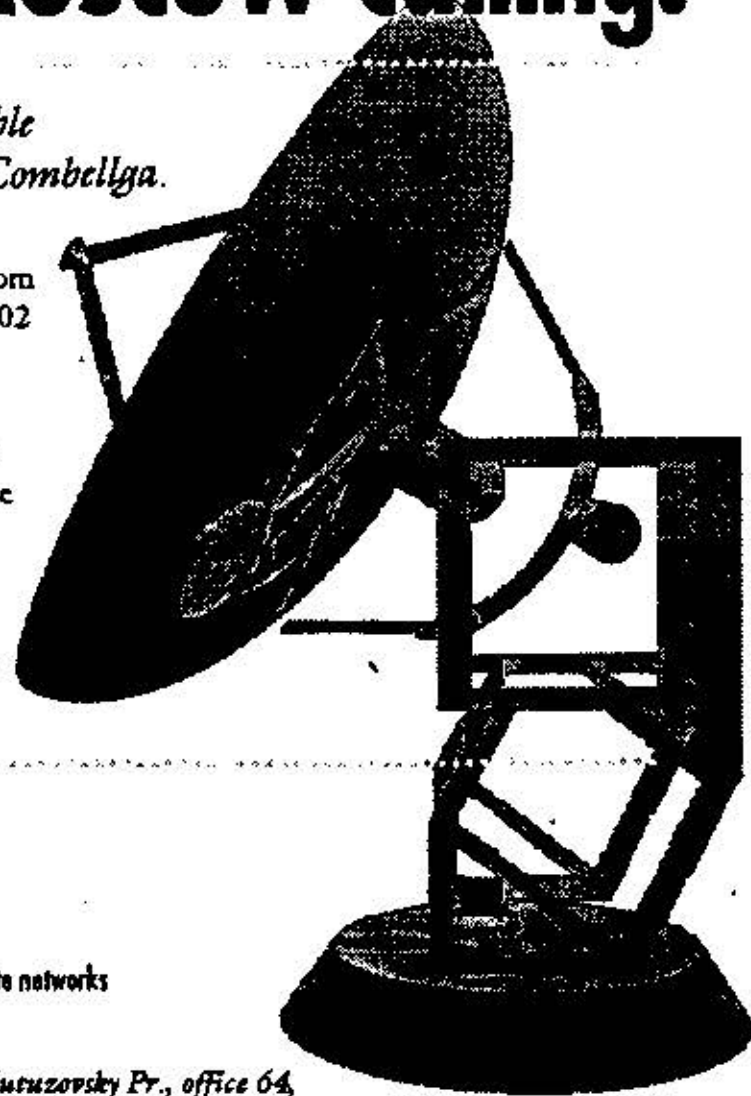


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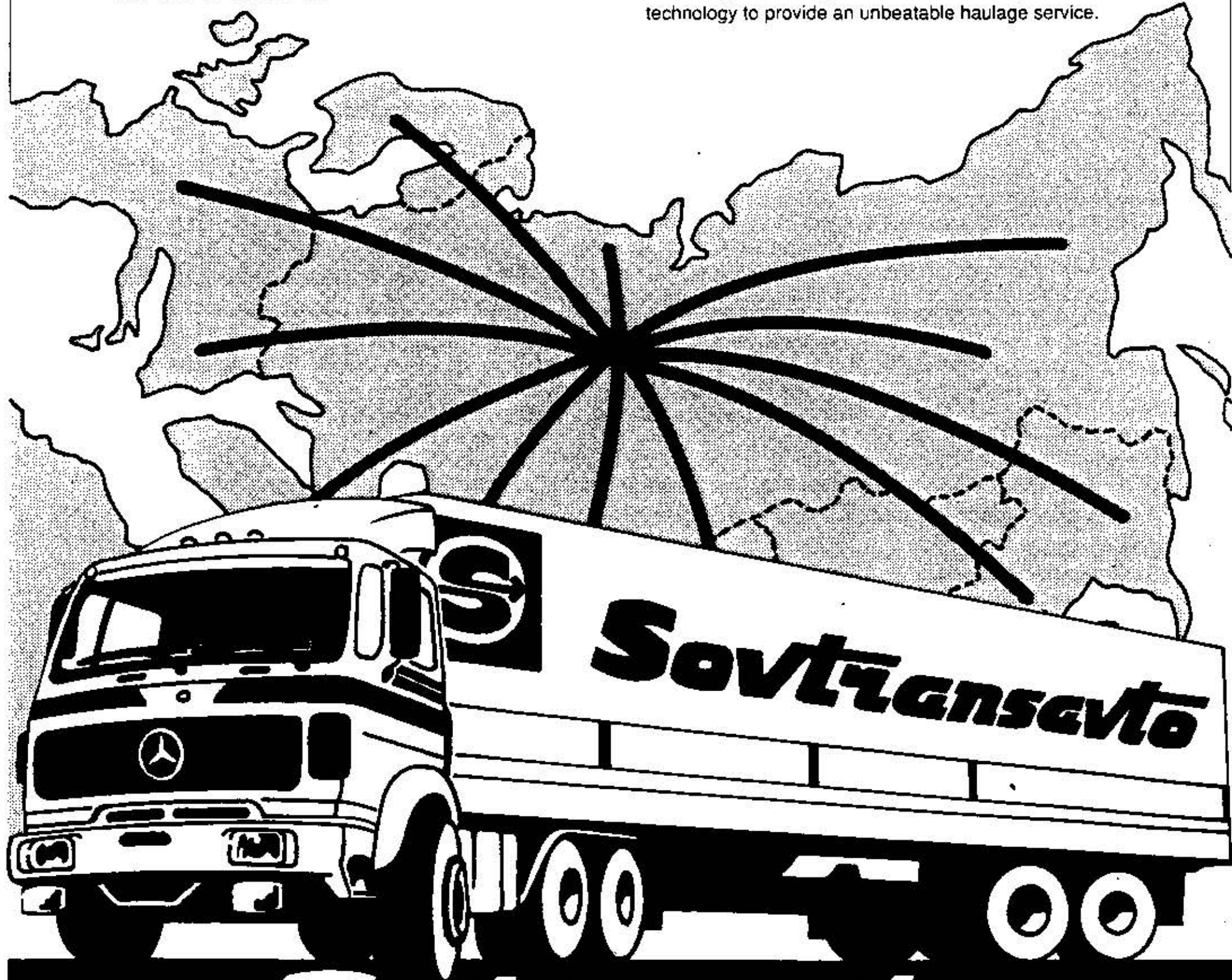
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1992, oil in Russia cost 20% of its world market price—and ensured that the precipitous decline in energy output would continue. Oil prices also distorted the relative prices of millions of other goods.

Domestic trade was not fully liberalised. State shops were limited to mark-ups of 25% (in the West, mark-ups of 50% are common). Ministers continued to control trade between companies in 150 goods. Where the central government did remove trade barriers, local governments often set them up again.

Nor did Russia open up to international trade as much as Poland did in 1990. In the first half of the year, the government ran a complicated system of export quotas and taxes, plus a bewildering one of multiple exchange rates. Organisations buying basic imports were subsidised. The government introduced a 15% tariff on imports in September.

A peculiarity of the old central-planning system remained: cash and credit operated in separate circuits. Cash was used for wages and in shops. Transactions between companies were effected by crediting and debiting bank accounts. The two circuits were legally separated: companies could not draw money from bank accounts as cash. This overturned one of the basic assumptions of a market economy: that deposits can be turned into cash and vice versa.

This "technicality" had perverse economic effects. When the government tried to boost demand, it had to do so largely by issuing credit to companies (the rouble printing presses were unable to keep pace with inflation). Credit to companies enabled them to raise prices. But, with cash supply limited, nominal demand rose only slowly. Slow-growing nominal demand at a time of fast-rising prices meant that real consumer demand fell.

The biggest single reason to reject the idea that shock therapy was applied was the explosion of money. The stock of money rose from 700 billion roubles on January 1st to 4 trillion on October 1st—nearly 500%. Mr Gaidar's government was in no sense monetarist. The disastrous conduct of monetary policy caused the problems of reform—and bears out the argument that there was no "shock therapy".

But that, say the government's critics, proves the second point: monetary policy had to expand to



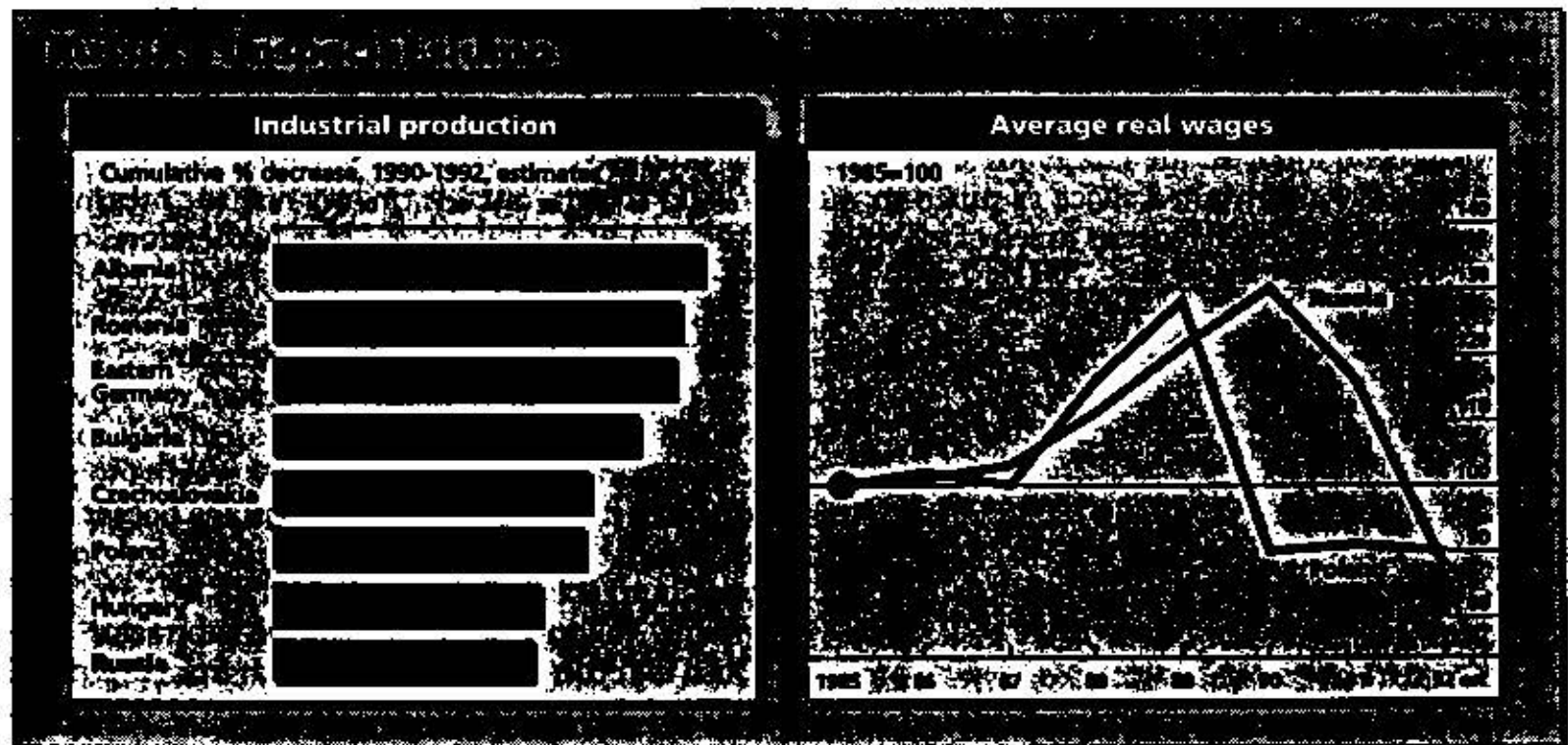
At least there is something to queue for

absorb the cost of reform. These costs showed up in lost output and low wages. The leader of a lobby group of industrialists, Arkady Volsky, expressed the near-universal view that "we must struggle to stop the avalanche-like decline in production." By implication, the government could have stopped the decline by adopting different policies.

Were the costs too great?

Widespread as this opinion is, there is no basis for it. In contrast to other reforming communist countries, the fall in Russian output began before liberalisation, not after it. In 1991, the last year before reform, national income fell 19%—slightly less than the fall in the first six months of 1992. Since 1990 Russia's industrial decline has been smaller than in Eastern European countries (see chart). The only part of the fall directly attributable to the government's policies was that for military equipment, the result of cuts in arms procurement. It is hard to argue that the government should have been spending even more making weapons.

Nor is there any reason to attribute the fall in living standards to reform. True, as prices of food and consumer goods soared, real wages fell sharply—by about the same amount as in Poland in





1990. But, as in Poland, the fall exaggerates the decline in living standards, because consumers no longer had to pay the disguised cost of queuing. Moreover, many items of household spending—rent especially—remained immune from inflation (rent is only kopeks per square foot—ie, it is free). That is one reason why the sudden fall in wages proved socially and politically manageable.

The other is that people supported the introduction of market reforms and proved patient as reforms proceeded. Only 1.7m man-days were lost to strikes in the first half of the year—low by international standards, and extraordinarily low considering the fall in real wages. There is little evidence for saying that the costs of reform were “intolerable” to the population as a whole.

Success dressed as failure

Economic “collapse” is a good thing

SO WHAT did cause the slump? The answer, in both 1991 and 1992, was the collapse of central planning and a sharp fall in foreign trade. The collapse of central planning broke long-standing contracts between companies and led to shortages of energy and spare parts. Russian companies had long been working in an economy where just one or two factories were responsible for all the supplies of this or that widget. As monopoly suppliers ran into trouble, shortages cascaded through the economy.

On the trade side, Russian trade with Eastern Europe fell by more than half in 1991. Russia lost a big source of imports when Comecon disintegrated. Trade within the (then) Soviet Union also plummeted. Russian imports from there fell 46% in 1991; the decline steepened in 1992. This had the same effect as supply disruptions within Russia. Neither the foreign-trade constraint nor the collapse of central planning was within the Russian government’s power to control. The proof of this can be found in those former Soviet Republics which did adopt different policies. Ukraine tried to run the kind of command economy espoused by Mr Volsky: output fell by over 15%. There is no reason to attribute Russia’s slump in the first half of 1992 to Mr Gaidar’s reforms.

What is more, the argument that slump is somehow a “mistake” caused by misguided reform misses the point. For decades, Russia has been bankrupting itself by pouring resources into industries like defence. On some estimates, the “military-industrial complex” accounts for 20% of industrial employment and 20% of output. It was no calamity that reform slashed Russia’s military output.

Military industry is only part, though a striking one, of a wider problem. Russian industry is just too big. Although figures for Russia alone are not available, a comparison between the Soviet and American economies in the late 1980s shows that Soviet industry contributed twice as much to the economy and employed twice as much of the work-

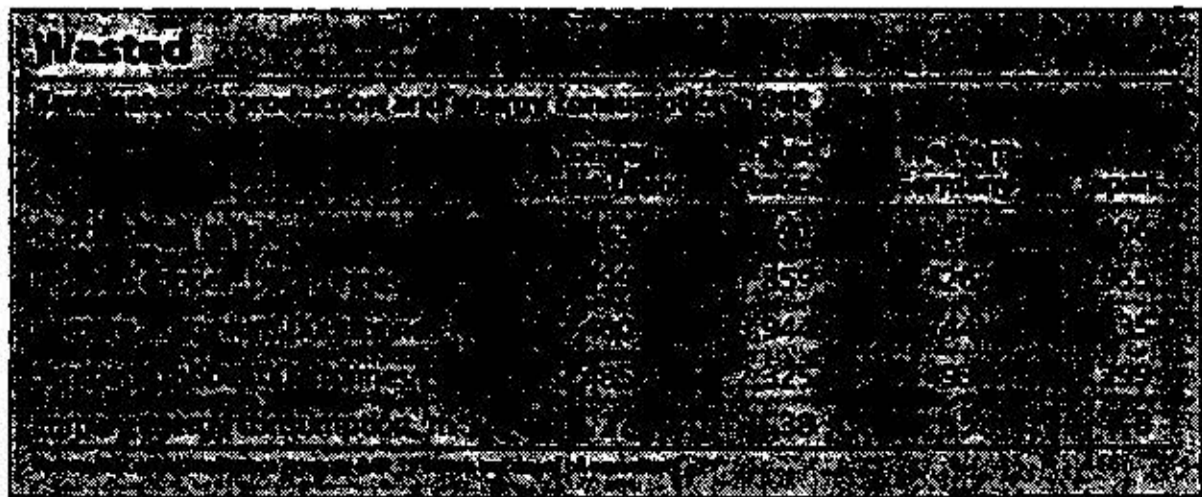
force as did America’s.

The resources tied up in industry are not being used efficiently. The Soviet Union consumed 80% more steel, 7% more rubber and two-thirds as much energy as America. But America’s economy was many times larger. Per unit of GDP, Russia used 15 times as much steel, nine times as much rubber and six times as much energy as America—a gigantic waste. Comparisons with Germany and Japan are even more depressing (see table). That is why, when a Russian steel factory reduces output, it is an achievement, not a pity.

These resources could be put to better use in the part of the economy which has been starved by the relentless pursuit of heavy industry—shops, houses and banks. Such services are woefully inadequate in Russia. Italy has nine times as many shops per person. One of the achievements of reform has been the explosion in the number of kiosks (improvised shops in the streets). But as long as industry continues to use so much capital and labour, the small firms that could put these resources to better use cannot grow.

Industry, moreover, does not just waste resources by the standards of more efficient small firms. It wastes them by any standard. If all the raw materials that Russia produces were sold abroad, the country would earn twice as much as its present total GDP. (The figures, using exchange rates and output estimates of September 1992, are 27 trillion roubles for raw materials and 15 trillion roubles for GDP). Yet raw-material output is included in GDP. If GDP is lower, it must mean Russian industry is subtracting, not adding, value to the raw materials it consumes. By this (admittedly inadequate) measure, Russia would be better off if every industrial worker stopped working. One recent study estimated that 8% of Russia’s current industrial output is produced by value-subtractors, and that 35% would be unprofitable on any realistic measure of labour and capital costs. Reform, therefore, ought to cause slump—ie, ought to drive inefficient firms out of business so resources can be put to better use. The “mistake” is, in fact, the whole point.

Three conclusions can be drawn. First, when Russia’s industrial managers demand policy changes to help industry, they are seeking to prop up firms that may be making Russians poorer than they need be. Second, the decline in Russia’s industrial output is not, as it is often called, an “economic collapse”. When a value-subtractor goes bust, the economy gains. Looked at from this point of view, Russia’s reformers should be criticised for not causing a big enough slump.



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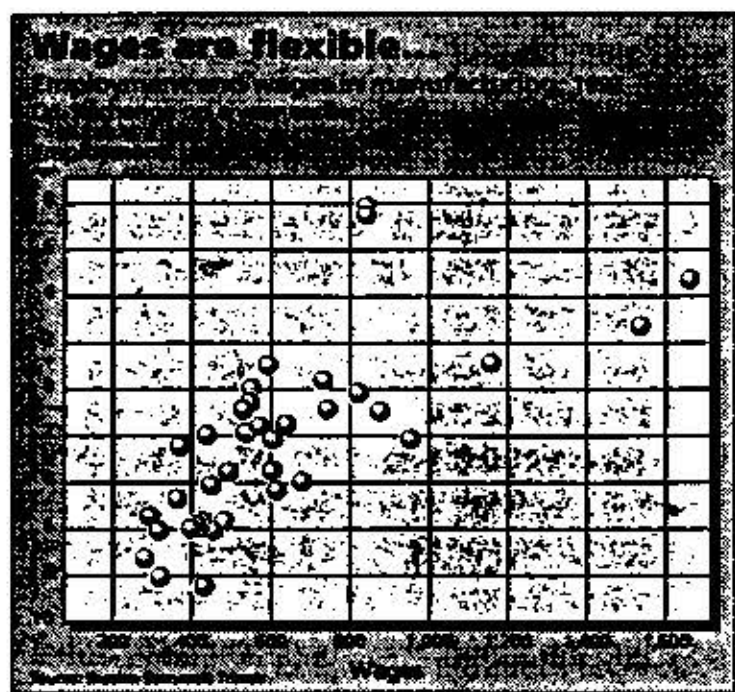
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Third, the sheer waste of resources involved suggests there is enormous scope to improve living standards. This can be done by concentrating initially on selling raw materials and later by creating firms that can use resources more efficiently.

Painful adjustments

That, however, begs the question implied by the third criticism of the reforms: can the Russian economy adjust? The criticism runs as follows.

Sheer size makes Russian firms inflexible. The average firm employs around 800 workers—twice as many as the average Polish firm and ten times more than the average in the West. Half of industrial output comes from 1,000 super-giants, with 8,500 employees each (and some of these behemoths employ whole cities). The implication is that Russian firms are too cumbersome to change even if they wanted to.

Second, Russian companies are monopolies. Soviet planners used to organise industry into 7,664 "product groups". Of these, 77% were produced by single firms. Monopolies do not compete on price. They just raise prices, restrict output and wait until customers can no longer afford not to buy. And this, it seems, is what happened. Companies stockpiled output, financed stocks by borrowing from other firms and went to the central bank and said: "Either you pay our debts, or we will go bust, and so will all the firms we owe money to."

The thrust of these arguments is that demonopolisation should have preceded the freeing of prices. This is an academic point, since price controls had virtually broken down by 1991. But regardless of that, is it true that Russian firms resisted change? Surprisingly, signs of change abound.

Some anecdotal evidence first. The Kalinin factory in Yekaterinburg used to produce launchers and fuel systems for ss missiles. Now it has been split up into units producing timber-felling equipment (based on the hydraulics of missile launchers), tractors (ditto), and food-processing and industrial-refrigeration plants (based on rocket-fuel coolers). The Kalinin plant is as conservative as they come: its former boss is in jail for trying to overthrow Mr Yeltsin.

An even more remarkable change occurred at the Leninetz plant in St Petersburg, which makes avionics for Migs. It has been broken up into 117

business units, each with control of output and wages. The headquarters staff of 250 (for a company with 43,000 employees) steers the firm by controlling cash flow. Leninetz is forward-looking: it began diversifying away from arms in 1988. But its example is being copied by stick-in-the-mud firms in the city. The lumbering Kirovsky tank maker has just split itself into 27 bits, and cut its headquarters staff by 99%. Even giants can be nimble.

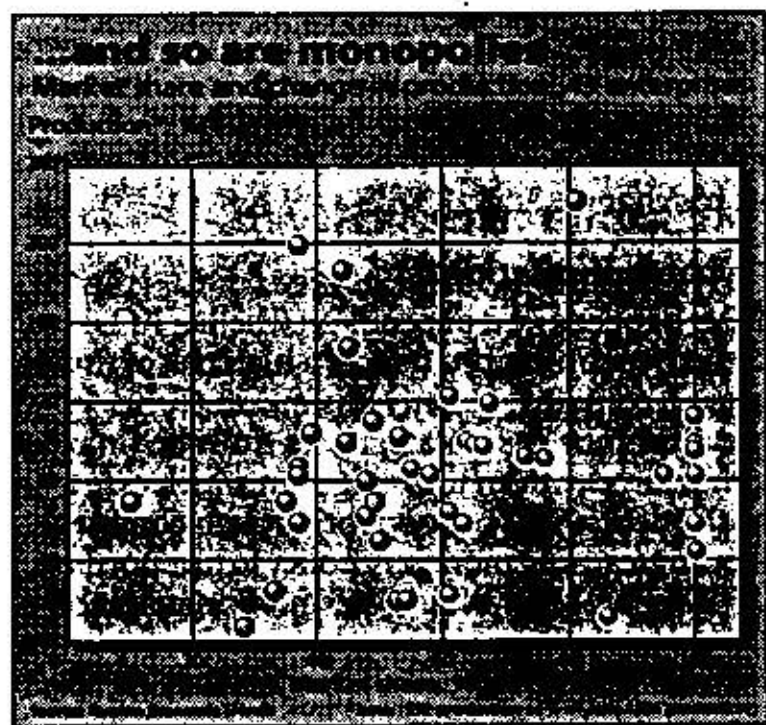
Looking at the economy as a whole, the official unemployment total has risen to 1.5%, which is still the lowest in the world. More will be required to free up labour markets. But wages have proved remarkably flexible. In industries where unemployment is rising fastest, wages have remained lowest (see the chart on the left). Though this may sound obvious, it is not a pattern you would expect in an economy resistant to change.

Perhaps most cheering of all, companies have not resisted the first stages of the government's privatisation programme. Three-quarters of the large firms which were told to reorganise themselves into joint-stock companies and choose how to privatise have done so. Among a sample of firms that have gone private, exports rose as a share of output (at a time when exports were slumping). Some firms, at least, are looking beyond Russia for markets.

Now take the argument that monopolies are resisting reform. The theory goes that they will restrict output to drive prices up. If so, you would expect the fall in monopolies' output to be greater than average. Not so. In the year to June 1992, industrial output declined by 13.5%. The output of the 37 largest monopoly firms fell fractionally less, by 13.2%. You might also expect that the greater a monopoly, the deeper it would cut output. Again, not so. The chart below plots market share against declines in output for a range of firms. If the argument were correct, the line would slope from top left to bottom right. In fact, it is a random scatter. Some monopolies cut output; others maintained it more than firms in competitive markets. No evidence there that monopolies *per se* sabotaged reform.

So why did reform go wrong? In particular, why did it produce so much inflation? The answer lies in loose monetary policy. When prices were freed in January, firms jacked up prices. Real interest rates were then negative and continued to be so.

This provided firms with an incentive to pro-





Shifting into goods



duce now, borrow to finance stocks and sell later at higher prices. Loose money thereby encouraged firms deliberately to set prices above the level that would clear the market, thus ensuring that part of what they produced would not be sold. When the central bank tried to limit borrowing from commercial banks in the second quarter, firms found a different way of financing stocks: running up mutual debts. But this was not malicious intent by firms determined to wreck reform. It was a rational response to the incentives they faced.

The biggest failure of the government was therefore not that it tried to impose reform on an unreformable country, but that it failed to take the steps needed to ensure reform worked. Positive real interest rates would have raised the cost of financing stocks and made roubles worth more than goods. That would have encouraged firms to start selling stocks. Unless demand were to have risen rapidly, that would have led to lower output—and hence higher unemployment.

That was why the central bank regarded tight money as a danger and why companies lobbied against it. It would certainly have been a shock. But in one crucial respect, Russian companies are better able even now to cope with that shock than they have been for many years. Real wages are the lowest since 1987. Since wages are a large part of companies' costs, this improves firms' viability. Reform therefore did compel firms to take the first steps towards change.

Hyperslumpflation?

What happens next depends on whether Russia can avoid hyperinflation. It faces a high risk of this because it contains so many loss-making firms. While they continue to operate, losses must be financed either directly from the budget (in which case taxes or the deficit will balloon) or through commercial lending (causing monetary policy to haemorrhage).

This problem would be more manageable if Russia had a financial system capable of reinvesting wealth profitably (though even then the problem would not go away). But Russians have only

three kinds of assets: roubles, dollars and goods. If the government debases the rouble, people will shift into dollars or goods. They are doing both. The shift into dollars sent the rouble plunging from 118 roubles to the dollar in June to 450 roubles in November. Inter-company debt financed the shift into goods. The rouble therefore looks increasingly precarious.

In these circumstances, two things might be enough to turn high inflation into hyperinflation. The first could be a shock from outside—say, a fall in the price of oil (Russia's main source of dollars) or a refusal to reschedule foreign debt (Russia says it can repay only \$2 billion of the \$8 billion it owes for 1993). The other is a change in the government. This makes foreign aid, which could indirectly finance loss-making firms, less likely. And it increases the possibility of trying to stop inflation by imposing price controls, which are no more likely to work now than in 1991.

Once hyperinflation takes hold, only relentlessly tight fiscal and monetary policies can stop it. But Mr Yeltsin signalled the retreat from such policies by telling parliament in October that "in economic policy, there was too much macroeconomics at the expense of resolving concrete, humane and management problems—that is, the microeconomy." Loose money has brought Russia to the verge of hyperinflation.

That said, it is not inevitable. In recent history, hyperinflation has afflicted countries that have either recently been at war (the Weimar Republic, and Russia itself in 1919-23) or were suffering heavy foreign obligations (Argentina and Bolivia in the 1980s through foreign-debt servicing; Germany in the 1920s through war reparations). Russia is not at war and has been offered aid, some of which has arrived.

Moreover, the velocity with which money circulates has levelled off, after rising sharply at the beginning of the year. This matters, because velocity is an early warning of inflation and soars during hyperinflation. Its stability suggests consumers do not expect stratospheric prices.

Mr Gaidar hopes:

that now it is possible to create an alternative to our government that would more or less go in the same direction but at a slower speed. Of course... there is a very serious danger that a change in the government could be the first step towards hyperinflation... Inflation could have led to general disaster. Now, when at least we have created the general social basis for privatisation... the lack of financial discipline need not be a step to disaster but to very serious problems.

These "very serious problems" would be months, even years, of tolerating price rises of 1,000% or 2,000% a year. Mega-inflation would be a disappointing result of the first year at reform. But should it be described as a complete failure?

If Russia can avoid hyperinflation, its economy should be able to continue to reform, even if prices continue to soar. Such a combination is not wholly inconceivable: witness the experience of Brazil for a spell in the 1980s.

Russia's main economic problem is not that it has the wrong policies, but that it has a political constraint on higher unemployment. Richard Lay-

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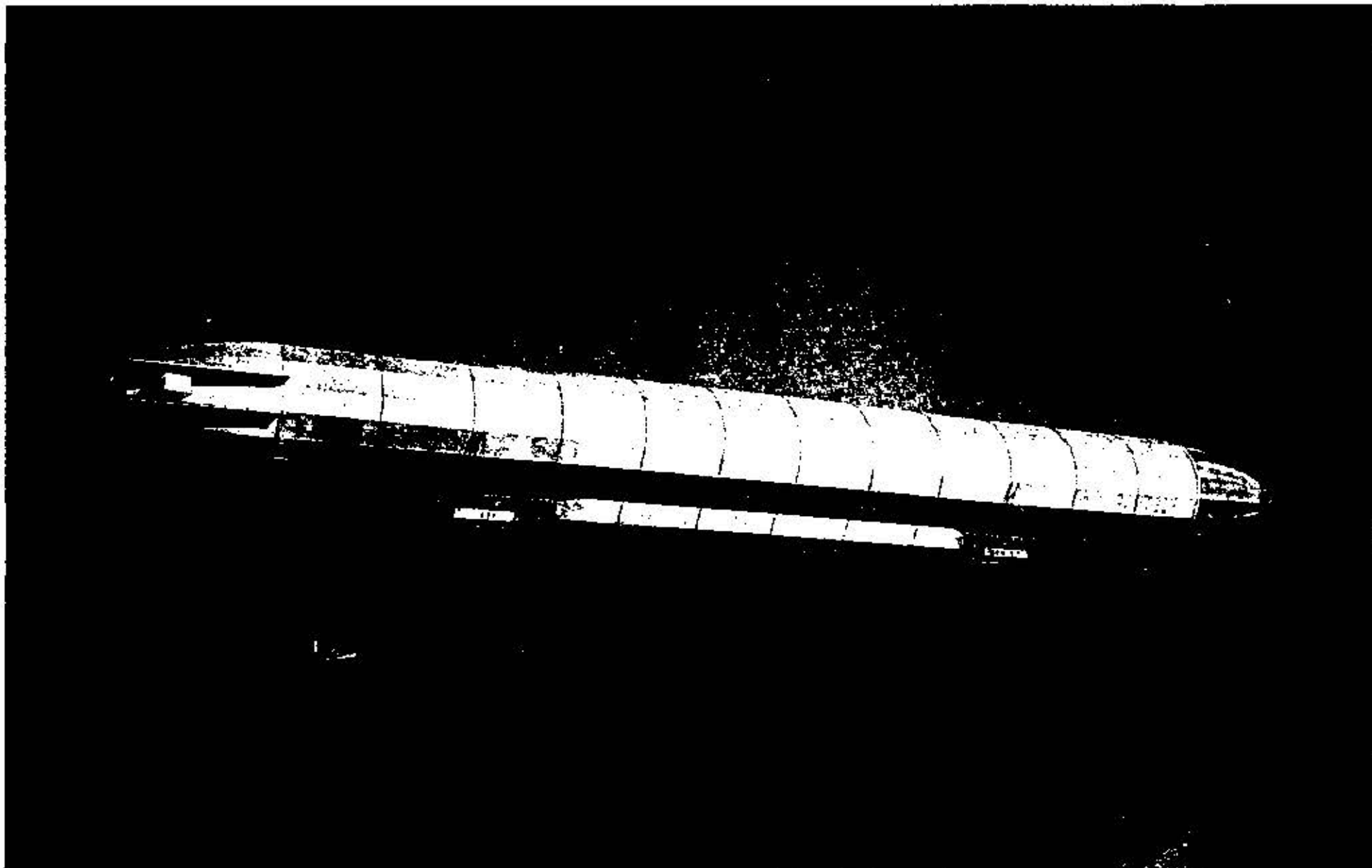
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ard of the London School of Economics, and an adviser to the Russian government, argues that in western countries the level of unemployment helps control inflation. If unemployment falls below a certain rate (say 6-10%), inflation rises. The lower the rate, or the faster the fall, the more prices rise. In countries which are liberalising after years of central planning, unemployment also affects output. There, if companies are unwilling to lay workers off, a disproportionately large fall in output is needed to create the unemployment rate which will suppress inflation. The quicker unemployment rises, the less output falls.

The implication is that, if Russia will not tolerate higher unemployment, it will get high inflation and low output. Stabilisation, given this constraint, may take years. Nevertheless, if privatisation becomes irreversible in that time, that alone would

justify reform.

And with luck, as jobs are created in new firms, fears of an explosion in unemployment will abate, weakening the political constraint. In Poland in 1990, people worried that reform would lead to 30% unemployment and a social debacle. In the event, unemployment is 13% and Poland created 2m new jobs (12% of the workforce) in small business. Two other western advisers to the Russian government, Jeffrey Sachs and David Lipton, reckon that Russia need achieve only half what Poland managed to be counted a success. If the share of its workforce in shops and banks rises from 9% to 15% (modest enough), that would create enough new jobs to compensate for a 40% fall in employment in heavy industry. Given the spectacular way in which industry now wastes money, that would also lead, at last, to a rise in income.



The country abhors a vacuum

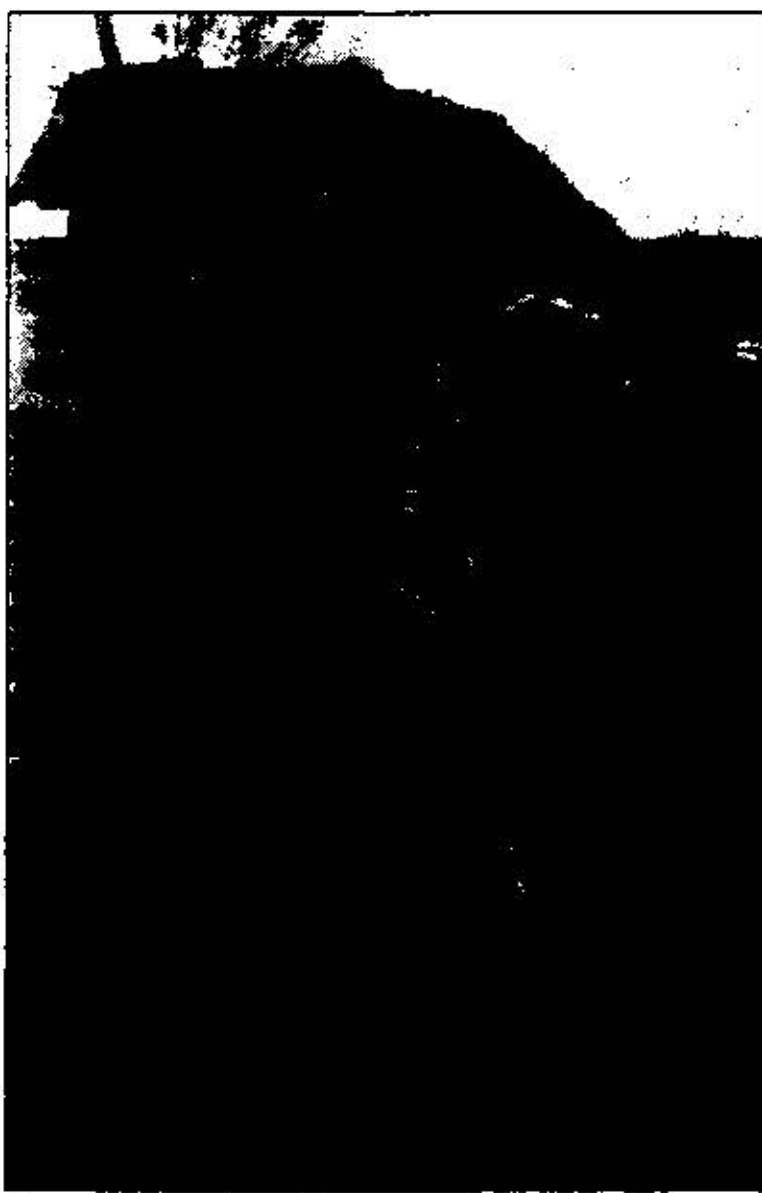
THE three previous attempts at economic liberalisation—Lenin's new economic policy (1921-28); the land reforms of Pyotr Stolypin (1906-11); and the freeing of the serfs by Alexander II (1861-64)—all collapsed when the autocrat of the day abruptly withdrew support for fear the reforms might threaten his (unreformed) powers. There is a worrying parallel with Russia today. The failure to implement political reform means economic policies have not had enough political support. This is in turn leading to the possibility of renewed autocracy.

The problem is that both parliament and government derive their powers from a Soviet-vintage constitution which, because it was written at a time when parliament and government were both creatures of the Communist Party, fails properly to separate their powers and makes each unable to govern. Parliament was elected in the spring of 1990, only six weeks after the Communist Party had given up its political monopoly.

The elections were not held between competing parties. Many deputies are directors of state companies or state-farm managers. Few aim to make their careers in politics; still fewer want to do so within the framework of a particular party. Virtually none is willing to submit to party discipline. This has turned parliament into a forum for endlessly shifting factions, which makes it impossible to build consensus for any policies at all.

Moreover, the parliament has not been stable. Before 1990 it was the symbol of stagnation. In 1991 it became the focus of democratic resistance, as Mr Yeltsin defied the tanks from inside the barricaded building. In 1992 it changed again—into a battleground in which old-guard deputies uncertain about their future are slowly gaining the upper hand. These fluctuations raise popular doubt about what parliament stands for.

For these reasons, argue many members of the executive, parliament cannot govern. Unfortunately, under the current constitution, the president cannot govern effectively either. Unlike the American president, he is not in charge of the day-



The call to reform has come before

to-day management of government. The prime minister is. The president nominates the prime minister, but the Supreme Soviet (parliament's permanently sitting inner chamber) must confirm his choice. He can veto a law of the Supreme Soviet, but his veto can be overturned by a simple majority (America's Congress needs a two-thirds majority). He can declare martial law, but the Supreme Soviet must confirm it within 24 hours. He cannot dissolve the Supreme Soviet (whereas Mikhail Gorbachev could when he was president).

The president's practical authority stems largely

Wanted: a new political system



Government by chaos in the Russian parliament



from emergency powers granted by parliament in 1991. These enabled him to push through economic reforms by decree. But the power of decree depends on parliament's goodwill, which can be withdrawn. Even short of that, decrees are valid only so long as there is no law on a similar subject; when a law is passed, it supersedes the decree. This undermines the force of all decrees on subjects which parliament is discussing. Even if parliament is not discussing a law, anyone faced with a decree he does not like has good reason not to enforce it in the hope that a law will come along later to contradict it. A third of all decrees on agriculture have not been implemented.

Because of the constitutional subordination of the executive to the legislature, the president's protection cannot extend to every act or member of his government, even though his personal authority is not in dispute. So when he begins to withdraw his protection from the government—as he did in the autumn of 1992—he leaves it vulnerable to parliament's attacks.

As if that were not bad enough, the constitution's failure to separate the powers of executive and legislature has caused endless arguments about who is responsible for what. For the first half of the year, state companies answered to a parliamentary committee on questions about pricing but to the government on matters concerning ownership. This particular dispute was resolved in favour of government: its ministry took over the duties of the parliamentary committee. But on another matter, the conflict has not been resolved. The central bank conducts monetary policy on behalf of government. But it is legally responsible to parliament. This is the immediate political reason why monetary policy went so wrong.

The dispute between parliament and government over the economy is not about which of two equally plausible reform programmes should be adopted. The government has a clear, if traumatic, view of what needs to be done. Parliament provides no alternative except to postpone change, which will make the eventual adjustment more painful. Similarly, the argument over competence shows

that the dispute between parliament and government is not about which of them should run the programme. It is a question of whether anyone can stay in charge long enough to make a difference.

Some members of the executive argue that if the dispute between parliament and government is leading to legal and administrative chaos, then the only solution is to boost the power of the executive by imposing direct presidential rule—that is, giving Mr Yeltsin (a) the right to issue decrees without obtaining legislative approval and (b) the right to abolish parliament. This, they concede, may seem a mite anti-democratic. But parliament's popular mandate has been invalidated by the speed of Russia's change. The executive has not so far stopped anyone expressing legitimate dissent. Only the government has real policies. So, unlike previous occasions, strengthening the power of the executive would nourish reform, not kill it. And at least such a course would end uncertainty over who is in charge. Or would it?

Too many cooks

One of the consequences of chaos has been a remarkable proliferation of centres of decision-making in Russia, some of them newly established by the executive itself. Chaos has then allowed these new bodies to expand in such a way as to create overlapping authorities. The centres are:

- The government, which is responsible for the economy but little else. The ministers of defence and security are both members. But Mr Gaidar says they report to him only on questions of financing and procedure. On defence and security policy, they report directly to the president.
- The parliament.
- The security council, which can take decisions on things that affect "Russia's vital interests"—ie, virtually anything. The council, not the foreign ministry, cancelled a proposed presidential visit to Japan because of problems in resolving competing claims to the Kurile Islands. Its six voting members in late November included four reformers: the prime minister; a deputy prime minister, Sergei Shakhrai; the deputy speaker of parliament; and the president. The council's secretary, Yuri Skokov, and the vice-president were the only anti-marketters. Nevertheless, the replacement of one reformer would mean that supporters of reform could no longer outvote its opponents.
- The president's retinue in the Kremlin. Under Yuri Petrov, an old crony of Mr Yeltsin from his days as Communist Party boss in Sverdlovsk (now Yekaterinburg), this controls access to the president.
- The central bank, which conducts a virtually autonomous economic policy.
- The army, over which the president has incomplete control. By refusing to implement Mr Yeltsin's promise to withdraw troops from the Baltic states, the army compelled him to suspend the withdrawal, causing serious strains between Russia and the Balts. In Moldova, a renegade general is running his own foreign policy and using the "defence" of Russian-speakers there as a stick to beat Mr Yeltsin's foreign and domestic policies.
- The vice-president, Alexander Rutskoi, who is a leader of the country's largest opposition group and

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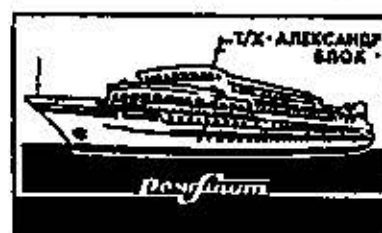


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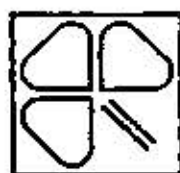
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has special powers over agriculture which conflict with the agriculture ministry. And, last:

- The president himself. At the start of the year he was pursuing what he called "a policy of breakthrough". This meant that, by acting as his own prime minister, he vested his personal authority in the reforms pursued by the government. The policy of breakthrough ended when he appointed Mr Gaidar as prime minister in May and took to criticising his ministers "to improve their efficiency". Though Mr Yeltsin has not abandoned reform, he now spends much of his time mediating between the other seven groups, more like a feudal monarch than the head of a modern state.

Many countries display tensions between executive and legislature. Not all exercise full control over their armies. But few have quite so many centres of power as Russia does. Fewer still combine multiple decision-making with an almost complete lack of separation of powers. This combination is making Russia ungovernable.

Many people worry that these are circumstances which make a military or constitutional coup likely (a constitutional coup might be arranged either by the security council or parliament or the president himself). In fact, as the leaders of the army and the security council assert, there is little likelihood of them organising a coup against Mr Yeltsin. In late November the security council had a reformist majority. Mr Gaidar says the council has taken no decisions which contradict the work of his government. The army has reluctantly supported the president's arms-control agreements and is simply not strong enough or united enough to stage a military takeover of the country.

But that is not the point. The real worry about Russia's politics is not that one decision-making centre might take over from all others. It is that so many of them coexist. Merely strengthening the executive would not succeed in making order out of this chaos. Six of the eight decision-making centres are supposed to be subordinated to the executive now. So "well-intentioned" presidential rule would not only undermine democracy or turn ill-intentioned. It would also be unlikely to lead to effective government. The executive is simply too divided to rule Russia alone.

Vested interests in chaos

Russia's plethora of power centres has reinforced another worrying political development: the power of vested interests. "A special feature of Russia in comparison with Eastern Europe", writes Anders Aslund, a Swedish adviser to the Russian government, "appears to be that the vested interests of the old system have remained far more influential after the initial change of economic system has occurred." True—and governmental chaos opens up many opportunities for special pleading by interest groups.

The dominant vested interest is economic: the industrial managers of state-owned companies and the directors of state and collective farms. They control many of the anti-reform factions in parliament. They form part of the group which emerged as one of the most powerful opposition forces in Russia during the second half of 1992—Civic Union, which includes Arkady Volsky's League of

Entrepreneurs. They sustain both Yuri Skokov, the secretary of the security council, and Ruslan Khasbulatov, the parliamentary speaker.

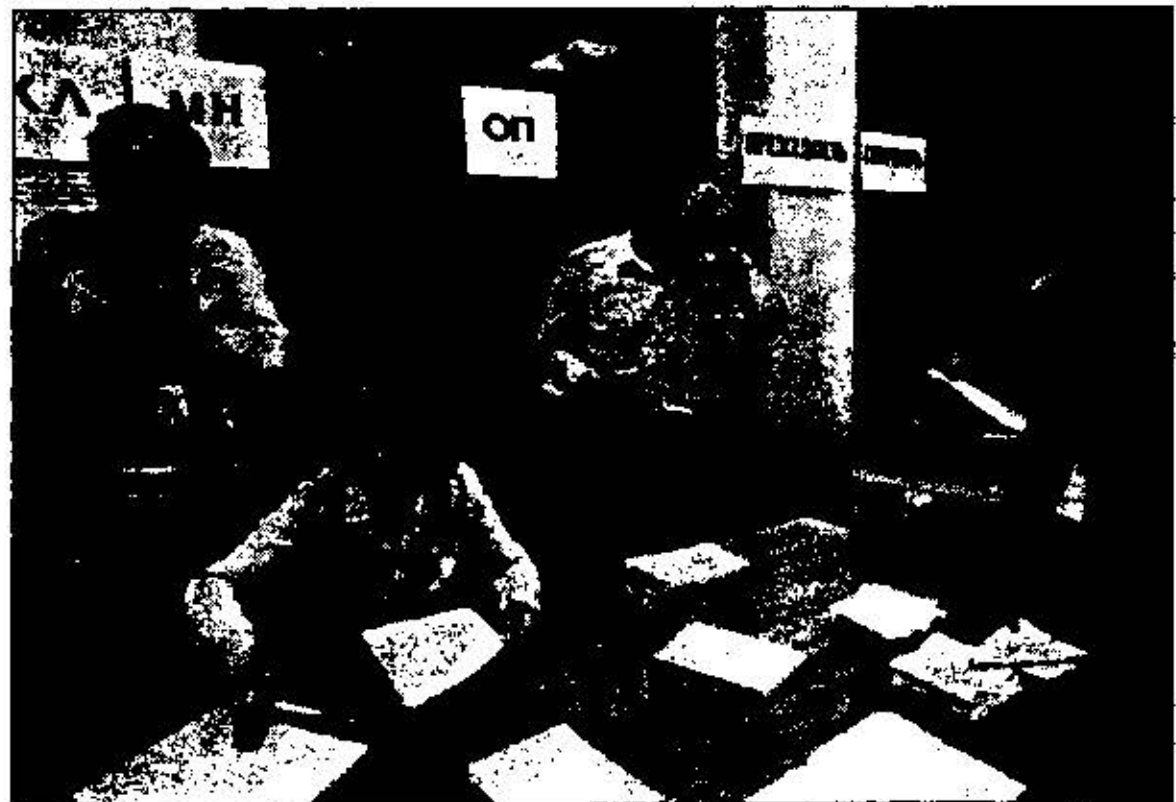
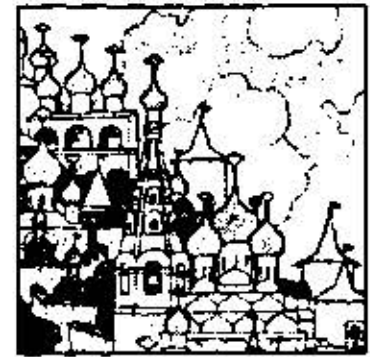
On the face of it, these people share a real programme. They want a "strong Russia"—they are authoritarian pragmatists, in contrast to the supposed democratic ideologues in the Gaidar government. They want state intervention to manage a gradual transition to free markets. On foreign policy, they look to China or South Korea. They want closer ties with the former republics of the Soviet Union, and are unenthusiastic about Mr Yeltsin's westernising foreign policy. So it may seem inaccurate to accuse them of special-interest pleading.

Actually, the charge is fair. When Mr Skokov talks of a strong Russia, he wants it to be organised under presidential rule. When Mr Khasbulatov talks about it, he wants it run by parliament. When Mr Volsky talks about it, he means there should be strict control over local government by the centre. Former communist regional leaders, who are also indebted to the same vested interests, want to reduce the power of the central government still further.

These politicians do not even represent stable groups. Mr Volsky's, for example, claims to represent industrial managers; in fact, the industrial lobby in Russia has been split for many years between military industries and civilian ones. At the end of 1991, the organisation which then represented state firms split in two. Mr Volsky's half left, to become the Scientific-Industrial League, which later turned into the League of Entrepreneurs. The military group gathered around Alexander Tizyakov, who is in prison as one of the putschists against Mr Gorbachev. That setback notwithstanding, the military industries still form a distinct group under another lobbyist, Yuri Gekht, who leads a big parliamentary faction.

Even within Mr Volsky's half, there is no unanimity of opinion. Mr Volsky wants price controls. What are oil companies to make of that? The controls now imposed on them are driving them bust.

In truth, these cabals are engaged only in lobbying for special interests. They want low taxes, high subsidies and ownership of the firms they manage.



There is plenty for the voters to be puzzled about too



And that is all. They do not agree on most issues of policy. They do not know what they should do in government, or who should be in it. Still less do they represent—as is sometimes assumed—widespread opposition to market reforms. But they find, in Russia's many centres of authority, endless

opportunities to advance their interests. And, since many of these centres belong to the executive, they would welcome more presidential power, since that would strengthen the influence of the decision-makers they are lobbying—which would slow reform down, not speed it up.

Taxicabs and trains

Why the party has not yet begun

THE power of vested interests is possible because of the absence of a multi-party system. Russia's political associations are organised (if that is the word) into blocks and parties. A block, says Nikolai Travkin, an influential politician,

is a platform in a railway station. As long as we are all waiting for the same train, we share a single purpose. When the train pulls in, we divide up. Some of us have comfortable seats; others have to sit in the corridor. And we all get out at different destinations.

This is what happened to the largest such block—Democratic Russia, an umbrella group which organised Mr Yeltsin's presidential election and was once the most powerful democratic organisation in the country. United only by a general desire to defend Russia from the evils of totalitarianism, it collapsed when that aim seemed to have been achieved.

Continuing with the transport metaphor, Russia's parties are often called "taxicab" parties. They have room for only three or four people, who hop in and out for purposes of their own while the party drives aimlessly round in circles. Civic Union embraces the two largest parties: Mr Travkin's Democratic Party of Russia (which has around 50,000 activists) and the People's Party of Free Russia of Vice-President Rutskoi. But even they are only parts of a divided lobby. Other parties are too small and too

numerous to have any significant impact on policy.

Why is this? One reason is that, though no legal restriction exists on establishing parties, there is little reason to join one when ministers need not be members of parties, when Mr Yeltsin long refused to set up a "presidential party" (he has now changed his mind) and when parliamentary deputies do not obey party discipline.

Another is that Russia lacks the distinct social groups that are necessary to support a multi-party system. Historical attitudes to religion, for example, do not underpin the organisation of parties (as in Italy, where the Christian Democrats and the Democratic Party of the Left have roots in clerical and anti-clerical traditions). Nor does organised labour (as in Britain). Genuinely independent unions are tiny (the miners' union has fewer than 100,000 members). The former communist union—which has no influence on its 65m members—has joined forces with industrial managers to criticise the government.

Nevertheless, the longer-term prospects for democracy are not as bleak as they appear. Three coalitions are emerging from the traffic jam of taxicab parties. Civic Union is one. It represents the centre ground of politics. It has said that it will hold its government ministers accountable to the party that put them there—a good sign, since this would make ministerial careers depend on party loyalty.

On the democratic wing are collected the remnants of Democratic Russia, plus a coalition of 40 or so groups called Democratic Choice, which formed their alliance in reaction to the founding of Civic Union. Another democratic block is called New Russia.

On the other wing is an alliance of extreme right-wing nationalists and pro-communists who have united into a National Salvation Front (which Mr Yeltsin wants to ban). Many people worry that they might be a kernel for fascism. In fact these groups are tiny and their main hope of winning power depends on support from more respectable parties. They lost that when Civic Union was set up.

More important, there are signs that distinct social groups are emerging. This is significant, both because it is necessary for proper parties and because it will undermine the power of vested-interest groups. Economic liberalisation has led to the rapid growth of private businesses. True, entrepreneurs show few signs of supporting a pro-business conservative party. Indeed, some Russians argue that they are so criminalised and so closely associated with the Communist Party that they might prefer authoritarian rule. But this seems unduly pessimistic. As private businesses grow, at least some of their owners will start organising real business par-



A candle for democracy

ties. Russia's richest man, Konstantin Borovoi, has established one.

Privatisation has already begun to drive a wedge between industrial managers—who are often hostile to the idea—and workers, who have been largely in favour. By separating firms from the state, it will undermine the lobbying power of vested interests.

In these circumstances, two changes could make an immense difference. The first is the adoption of a new constitution. The old one is discredited. It has been amended 250 times in the past 18 months. Virtually everything about the new one is a subject of dispute—from the question of whether it should set up a presidential or a parliamentary republic, to who should draft it, to the manner of its adoption. Whatever the outcome of these wrangles, however, a new constitution would more clearly separate the powers of the different branches of government, which has been the underlying political problem in post-communist Russia.

And it would lead to the second big change: elections. Many members of the executive oppose new elections. Mr Yeltsin says the new constitution must be adopted first and the economy should

have started to recover before elections can be held. Others say elections would destabilise Russia further. Still others fret that opponents of reform might win a large majority and use it to hijack the reforms.

Elections involve risk: they might—as they did in Poland—produce a divided house. They might produce a more conservative one. But the longer they are delayed, the greater this risk becomes. And elections also have benefits. They would speed up the process by which infant parties are beginning to improve their organisation and party discipline. Also, of course, parliamentary elections are necessary if democracy is to be established.

The real problem that the parliament poses is not (as many government members argue) that it is too strong, but that it is neither one thing nor the other. It is strong enough to shoot down government policy, but too weak to accept responsibility for decisions. As a result, the executive branch has become a confused system of decision-making centres. If elections were to be held after a new constitution had been introduced, Russia would be near to establishing the multi-party system that is needed to underwrite its economic reforms.



All the Russias

ONE of the most significant results of the first year of Russia's reform has been a decisive shift in the balance of power from the centre to the regions. The import of this can scarcely be exaggerated, because one of the reasons why previous attempts at reform from above collapsed is that they failed to win support from below. Local governments once merely carried out the Kremlin's instructions. Now they have become protagonists.

Responsibility for virtually all social services, once financed by central government, has passed to the regions. These services cover hospitals, schools, transport and rent subsidies; unemployment benefit is the main exception. By law, the development of raw materials is jointly controlled by local and central governments. Now, says Boris Nemtsov, the governor of Nizhny Novgorod:

Everything—de-monopolisation, forming financial markets, privatisation—depends practically 100% on local government. The federal government only determines the rate of the rouble and supports the KGB and the army.

That would seem to be a most hopeful sign, because it suggests that reform may become irreversible, whatever happens in Moscow. But is it?

There are two views about the role of the regions. The first is espoused by local leaders like Mr Nemtsov. He argues that only by increasing regional powers can reform succeed.

At the start of this current reform, says Alexander Belyakov, head of the St Petersburg regional administration, Russia needed an overall strategy. The central government had to provide that. But now the strategy must be implemented—which requires local decisions. Overall targets for privatisation, for example, have been set at the centre. But local governments should privatise particular

firms, because they know more about them.

To see what can be done, look at Mr Nemtsov's region. Nizhny Novgorod, Russia's third-largest city, has been selling shops, municipal bonds and setting up a local land bank, where farmers can use land as collateral (this is illegal elsewhere in Russia). The city keeps half of the profits, tax and VAT paid by local defence firms. It ploughs the money into a regional "conversion bank", which invests in projects to convert military production to civilian use. If the central government had attempted to apply such detailed reforms uniformly across Russia, they would never have got off the ground.

As such reform begins to work in scattered regions, says Mr Nemtsov, the power of example will

A weaker Kremlin would strengthen Russia



Now the Cossacks don't know which borders to defend

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be hard to resist. Laggards will follow leaders. Reform will spread. Eventually, this will unite Russia. So Russia should be a loose federation, with maximum local autonomy.

The opposite view is taken by Civic Union. Russia, says this group, is too diverse for regions to be allowed to go their separate ways. It has five tiers of government: federal, republican, regional, city and district. Their responsibilities are unclear, and often clash. So reform will get bogged down in disputes between local bureaucracies.

The country is indeed ethnically and economically divided. Some of the 27m non-Russians in the Russian so-called "republics" even want to secede. Economically, Russia is divided between raw-material-producing regions like Siberia, and industrial centres in the Urals. Siberia wants free energy prices; the Urals controlled ones. So giving more power to regions will cause antagonism between them.

Politically, Russia is divided between big cities dominated by reformers, and the hinterland where old-guard communists still hold sway. Since the hinterland is larger, there are more opponents than supporters of reform in the regions. So giving more power to the provinces will slow down reform.

Lastly, says Civic Union, the proper functions of central government—especially tax-raising powers—will be undermined if local-government responsibilities increase. This will erode the authority of the central government and cause the country to break up. So Russia should be a strong federation, with the minimum of local autonomy.

Who is right?

At the moment, most of the evidence supports Civic Union. First, look at what is happening in practice. Regions are indeed reforming at different speeds. In the first half of 1992, Moscow and St Petersburg sold nearly half their shops to the private sector. By the end of next year, most small businesses there are likely to be privately owned. In contrast, the republics had privatised almost nothing (see table). They are, in Mr Yeltsin's phrase, "living on an island of developed socialism."

Where local governments have acted, they have more often chosen to control, not liberalise, their economies. The deputy governor of the Sverdlovsk



Nizhny Novgorod shows the way

Leaders and laggards

Regional privatisation, % of regional sector*			
Top seven	Shops	Restaurants	Other Services
St. Petersburg	47.7	30.5	34.3
Moscow	41.9	25.2	35.5
Nizhny Novgorod	39.5	84.0	38.0
Lipetsk	38.1	46.9	30.2
Penza	38.1	76.3	31.5
Stavropol	36.4	70.8	48.4
Kaliningrad	34.6	64.6	14.5
Bottom seven			
Yakutia	12.8	37.1	4.7
Kalmykia	10.9	4.8	11.0
Mari-El	9.8	9.8	4.2
Ulyanovsk	9.2	27.7	26.1
Komi	7.2	31.8	14.2
Tatarstan	2.2	11.0	0.3
Chechnya & Ingushia	0.5	0.0	2.0

Source: Gubernatori *Up to July 31st 1992

region, Valery Trushnikov, explains how:

We invited the commercial banks and persuaded them that we are living together and that they should use their free resources to buy goods [for the region]. We recommended that they charge interest rates of not more than 30%. Our enterprises set up those banks, and the people who work in them are our people. The banks understand that if they charge [the market interest rate] the population will not be able to buy goods.

According to Civic Union's Sergei Alexashenko, local governments are buying 10-15% of local output in such a way as to levy implicit taxes on local firms. As owners of land and providers of water and electricity, they require firms to sell them goods at low prices. They then use these goods to barter with other local authorities who are doing the same thing. This interferes with free markets and is leading to outright local protectionism.

It also encourages disturbingly close relations between local authorities and big firms. The withdrawal of federal support has made local governments depend more on companies which provide taxes. Conversely, the involvement of local authorities in barter trade makes firms look to them for goods in short supply. This undermines privatisation, which is supposed to separate firms from the state.

Second, local governments are not stable. The conflict that exists in Moscow between parliament and executive is repeated at every stage down the pyramid. Local parliaments pass budgets which cannot be carried out by local governments. Local governments cannot control spending by departments which also report to local parliaments. In Novosibirsk this year, the city's share of the region's VAT varied in the first three quarters of the year from 5½% to 17% and back to 6½%. This makes it impossible to predict revenues—and risky to rely on reform being implemented at the local level.

Faced with such financial problems, local governments run back to Moscow. Mr Trushnikov again:

We sit down with Gaidar and decide either to change the tax rules—which is hard, because they are determined by law—or get subsidies from the federal budget.

In the first half of the year, federal subsidies amounted to 73 billion roubles (22% of GDP). But changes in the rules are more worrying. Bargaining makes relations between local and central governments arbitrary and dependent on personal influence and favour. This impedes local accountability and undermines the rule of law.

Third, although decentralisation is deliberate policy, it is being badly organised. Local governments have rushed into a vacuum caused by the collapse of central planning; but the vacuum creates problems. For example, companies are supposed to be privatised without their "social assets", such as the houses they own. No one knows who should take on the responsibility for housing, nor who should pay rent subsidies. This is a big problem: companies now own 46% of Russia's housing (local authorities own only 32% of it). Not surprisingly in these circumstances, local-authority reform is causing legal havoc. In the first nine months of 1992, local parliaments made 13,000 decisions which conflicted with federal law.

This is leading to the fourth and most serious problem of the increase in local-government powers. Local authorities are facing unprecedented budgetary strain. In extreme cases—Nizhny Novgorod again—city spending was 30% higher than reve-

nue in the first quarter. The reason is simple: their new spending obligations have risen faster than the taxes required to finance them.

Local budgetary pressures add to financial problems at the centre, because Russia's regions (like American states) have historically run surpluses which help to offset the deficits run by central government. Although they still do, the surpluses have fallen from 4% of GDP at the start of the year to 2% at the end.

And, more worryingly, regions are tempted to solve their budget problems by withholding taxes that should be handed over to central government. The biggest single tax paid to central-government coffers in 1992 was the company-profits tax. By law, this is supposed to be shared almost equally: central government gets 51%; local authorities, 49%. In April the central-government take had fallen to 46%; in June to 35%. Local governments are undermining a basic function of central government—raising taxes. Unless checked, they may bankrupt the centre.

The parallel with the Soviet Union is obvious. In 1991 a tax strike by Soviet republics bankrupted the Union government. The fear is that, whereas the Union exploded because of political differences, Russia will be eroded by economic rivalries.



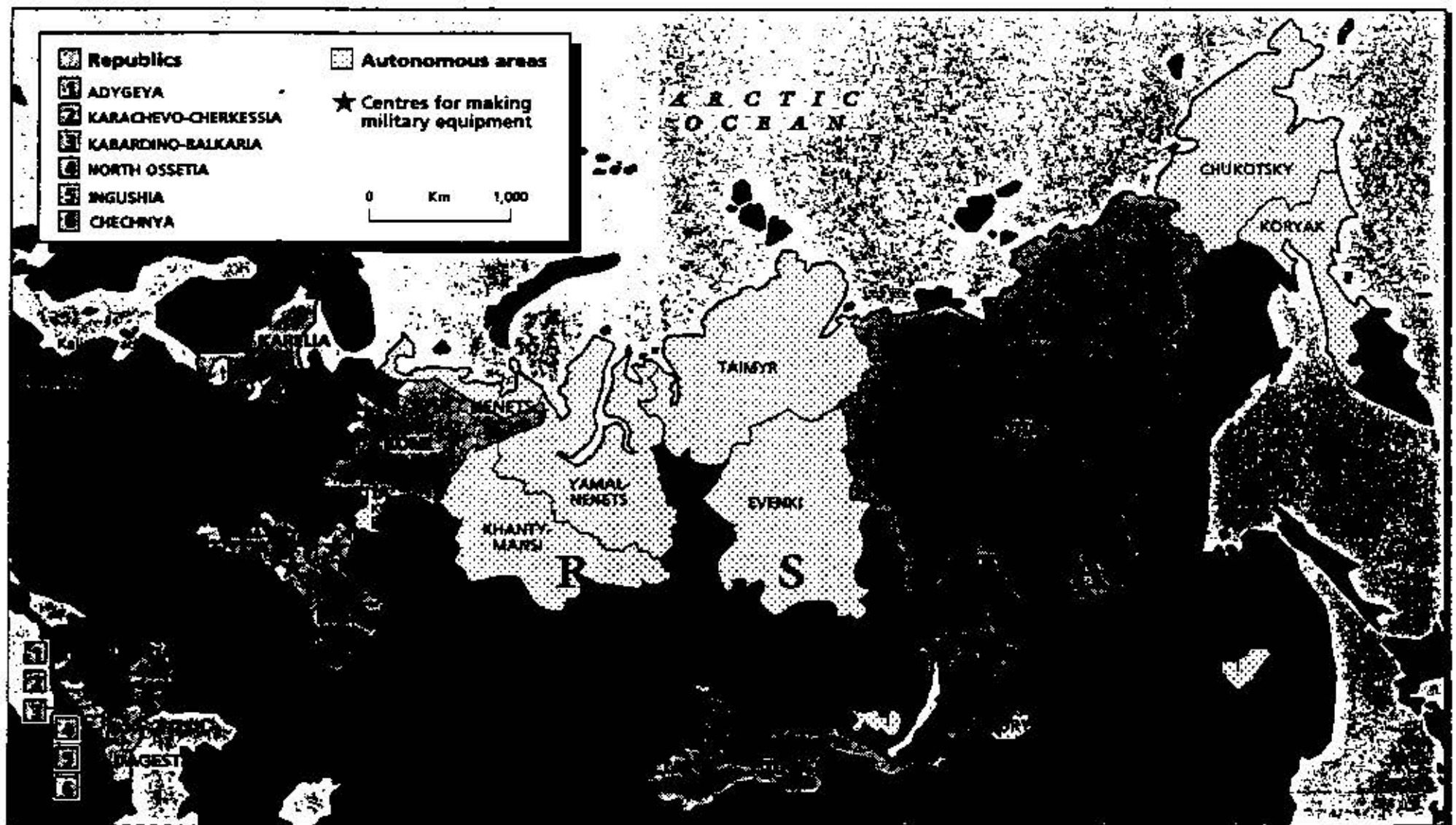
Rebirth of a state

NOTE that there are really two questions to ask about the role of the regions. One is whether they advance reform or not. The answer is that some do (Nizhny Novgorod, Moscow, St Petersburg). Others (Tatarstan) do not. In that sense, Mr Nemtsov and Civic Union are both right. But the

other question is: how near is Russia to disintegration? Civic Union argues it is very near indeed, so cannot afford to decentralise further.

This, however, is doubtful. Mr Gorbachev's control of Russia and Ukraine could be challenged because he was not in direct control of those republics

Russia can survive





(Mr Yeltsin and Mr Kravchuk were). But except in the 20 Russian republics, Mr Yeltsin is in direct control of Russia. The Soviet republics could band together and wish Mr Gorbachev away. Russia's republics cannot do the same to Mr Yeltsin.

The separatist bits of Russia form three groups. Group one consists of the republics which border on other states, like the Caucasian republics or Buryatia (see map on previous page). They could leave—but would not affect Russia much. Their joint population is 6.5m.

Group two consists of the Muslim republics on the Volga, like Tatarstan and Bashkiria. They could declare independence. In March, Tatarstan did. But what does this mean in practice? All are surrounded by Russian territory. As independent states, all would depend on Russia for trade, communications and defence. They can no more go it alone than Monaco can.

Group three consists of the rest. The most striking thing about them is that Russians account for such large shares of their populations. Indeed, taking all 20 republics, Russians account for half or more of the population in nine republics, and 30% or more in a further eight. This provides Mr Yeltsin with a first rein on secessionism.

The tax system provides a second. The Soviet re-

publics controlled all taxes and could bankrupt the Union government. But Russia's regions have few tax-raising powers of their own. Virtually all their money comes from fixed shares of federal taxes: 100% of income tax, 49% of profits tax, etc. This limits their economic independence.

So Mr Yeltsin has some room for manoeuvre. If he can divide up power properly between federal and local governments, that should lead to a virtuous circle of reform and integration. If not, then the provinces may halt reform and break Russia up.

In March Mr Yeltsin persuaded 18 republics to sign a Federation Treaty. This gives central government the responsibility for defence, long-distance communications, basic science and such like. Regions are responsible for local social services and most privatisation. Both are jointly responsible for the development of natural resources.

This treaty began the necessary process of dividing up responsibilities but did not accomplish it. Two of Russia's republics refused to sign the treaty. One, Chechnya, in effect seceded. The other, Tatarstan, wants to sign a state-to-state treaty with Russia. Others signed with so many reservations that it is as if they did not sign. Also, many ordinary local governments have demanded powers similar to those of the republics, such as independent authority to appoint local civil servants.

Mr Yeltsin may have to agree to some of these demands, loosening ties between centre and provinces further. But changing the terms of a treaty which recognises that the central government has legitimate powers is one thing; shattering the country is quite another. The proposition that Russia is bound to self-destruct does not stand up.

As local reform continues, it will make sense to think of Russia not only as one country but also as a series of regions. Some will be economic failures—like the industrial centres of the Urals. The entrenched power of conservatives may also hold back regions like the Kuban, Russia's corn belt.

But alongside the failures will come success stories—Tyumen, the main oil-producing region; St Petersburg, because of its port and tourism; Karelia, bordering on Finland and a likely recipient of Finnish investment; Nizhny Novgorod, a big industrial city where a reformist administration may show how to counteract the effects of de-industrialisation. Russia's sheer size will help make it easier to tolerate both successes and failures. Considering the range of the country's problems, even a few regional successes would be well worth having.

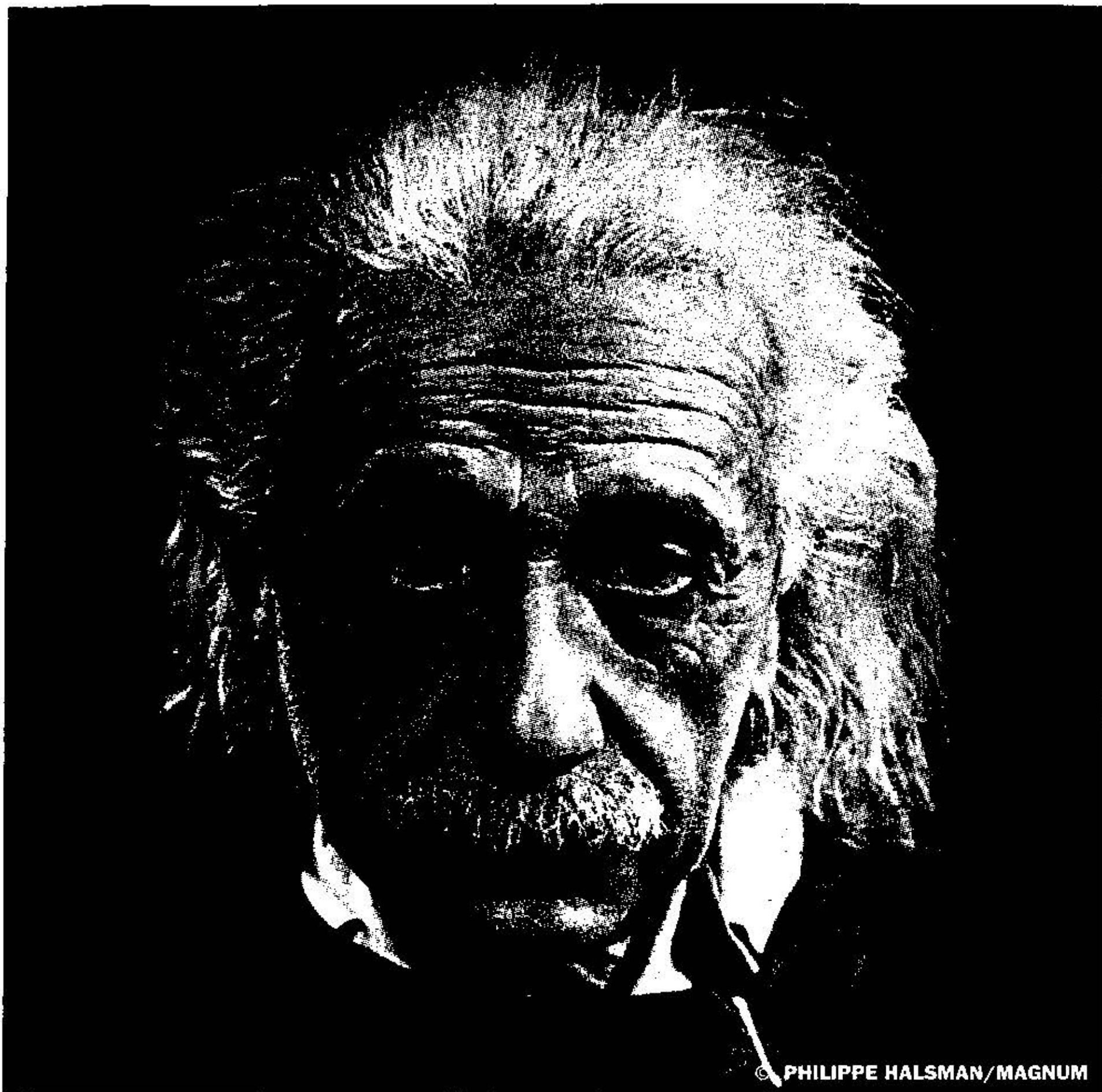
Regional reform, multi-party elections and consistent economic policies are all possible in Russia. But they are necessary, not sufficient, conditions for its success. Much of the current wave of reform, this survey has argued, is not merely about giving Russia better economic policies or a more representative political system. It is also about creating a state within which better government and a more efficient economy are possible. Many of the reversals have been caused not by faults in policy design, but by the difficulty of implementing any policy in a country that lacks some of the essential features of statehood. The sixth wave of reform can make Russia a modern state. Given time, it will. But it has not done so yet.

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Na zdorovie: to the new Russia



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**A bundle of belongings isn't the only thing
a refugee brings to his new country.
Einstein was a refugee.**

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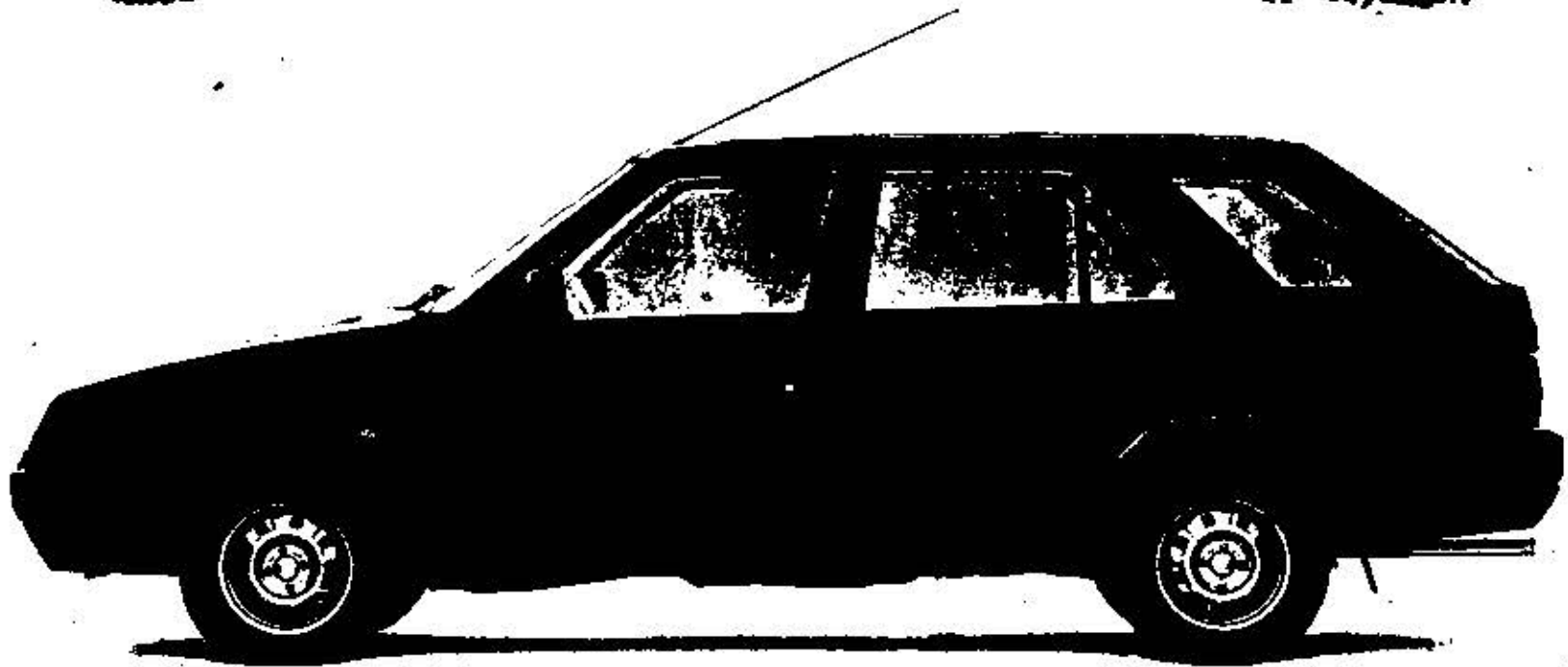
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