

WEEKLY SINCE 1949

THE CURRENT DIGEST

OF THE RUSSIAN PRESS

VOLUME 67, NO. 11

March 9-15, 2015

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PUBLISHED BY EAST VIEW PRESS

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Letter From the Editors: March 9-15, 2015

Geopolitical Investments, International Armies and a Fifth Wheel: The Assertiveness of Europe

Russian leaders like to talk about how the European Union slavishly follows US foreign policy, but in this week's news, Europe has asserted itself as a dominant geopolitical player in its own right. In the wake of last month's Minsk agreements among the "Normandy Four" (France, Germany, Ukraine, Russia), Kiev is now trying to satisfy Europe with domestic economic and political reforms. Russian State Duma speaker Sergei Naryshkin even goes as far as to call America a "fifth wheel" in the Normandy Four conflict resolution process: "Once again, the biggest threat to peace comes from across the ocean. How dare those Europeans do something without America's involvement? The Americans cannot put up with the idea that they have been sidelined in the peace process."

Another reason that Kiev is turning to Europe for help, as reported by NG's Tatyana Ivzhenko, is that the US has decided not to provide lethal weapons to the Ukrainian Army. (Granted, Washington did agree to furnish \$75 million worth of nonlethal military equipment, plus 230 Humvees – but who's counting?)

On the economic front, the European Parliament just released a pessimistic report on Russia's attractiveness (or lack thereof) to foreign business. It cites studies showing that there has been an economic gap between Russia and Europe since the Tsarist period, "with per capita GDP stuck at around half that of the advanced Western economies." This assessment seems to have spurred Russian politicians, including the aforementioned Naryshkin, to urge Western entrepreneurs to invest in Russia.

Europe's economic clout is making itself felt in Central Asia, as well. The Turkmen authorities have suddenly announced a law giving permission for nongovernment gatherings to take place in public, a radical departure for the Berdymukhamedov regime. Experts see a clear financial motive here. According to Arkady Dubnov: "Turkmenistan is waiting for a proposal from Brussels on terms for direct gas supplies to Europe and the price for that gas. That is why Ashgabat is making decisions that could somewhat improve Turkmenistan's image, which in turn could facilitate discussion of the gas deal in the European Parliament."

The news from Europe that made perhaps the biggest media splash this week is that European Commission President Jean-Claude Juncker proposed a radical initiative to create a pan-European army. The plan is to consolidate the defense budgets of the individual countries, whose forces have been steadily shrinking in recent decades, partially because of the Treaty on Conventional Armed Forces in Europe (CFE – from which, incidentally, Russia declared its final withdrawal this week). Although Germany and Finland immediately supported Juncker's proposal, Britain opposes it. Political commentator Pavel Felgengauer predicts that other "no" votes will follow – because such an army would either remain unused (if joining a war required the consensus of all 28 EU nations) or would become a pointless duplication of NATO. Plus, says Felgengauer, in the last 20 years the Europeans have never engaged in serious fighting without America's help. Apparently, every geopolitical player needs reliable teammates.

Lost and Found in Translation. In a March 13 commentary piece in *Novaya gazeta*, Yulia Latynina asks rhetorically whether Putin will remain the most *krutoi patsan* in Russia. This expression is composed of the adjective *krutoi* (literally "steep," but figuratively used to mean "cool" or "tough") and the noun *patsan*, a colloquialism that came into Russian usage about 100 years ago, meaning "kid" or "guy." The online Russian-English dictionary Multitran suggests a translation for the two-word combination: "kingpin." But since Latynina uses the expression in the superlative form, we couldn't say "the most kingpin" – so we opted for "the baddest boy in Russia." Happy reading!

Laurence Bogoslaw,
Copy Editor

THE CURRENT DIGEST OF THE RUSSIAN PRESS

A Publication of East View Information Services
Founded in 1949 – Published Weekly
Leo Gruliov, *Founder*

Managing Editor: Xenia Grushetsky
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Publishing Coordinator: Ana K. Niedermaier

Current 2015 prices (subject to change without notice):

Institutions:
Print \$2,350 Online \$2,280 Print+Online \$2,545

Individual - US:
Print \$190 Online \$185 Print+Online \$215

Individual - non-US:
Print \$260 Online \$185 Print+Online \$290

The Current Digest of the Russian Press was founded by the American Council of Learned Societies and the Social Science Research Council in 1949, under the name of The Current Digest of the Soviet Press. The journal has been published weekly since that time.

The Digest's mission is to provide the reader with a broad picture of the news presented to the Russian public, be it domestic, international or related to other post-Soviet states.

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Business Office: East View Information Services, Inc., 10601 Wayzata Blvd, Minnetonka, MN 55305-1515 USA. Phone: (952) 252-1201, (800) 477-1005. Fax: (952) 252-1202, (800) 800-3839. E-mail: periodicals@eastview.com.

The Current Digest of the Russian Press is published weekly, except biweekly first two weeks January and last two weeks December, for \$2,350 per year by East View Information Services, Inc., 10601 Wayzata Blvd, Minnetonka, MN 55305. POSTMASTER: Send address changes to The Current Digest of the Russian Press, c/o East View Information Services, Inc., 10601 Wayzata Blvd, Minnetonka, MN 55305.

ISSN 2159-3612 (print) ISSN 2159-3639 (online)

Periodicals postage paid at Hopkins, MN, and at additional mailing offices.

www.eastviewpress.com

FEATURED NEWS STORIES

Can Ukraine Survive as a Nation?

UKRAINIAN GOVERNMENT TO IMPLEMENT UNPOPULAR MEASURES TO SECURE IMF LOAN; OTHER FINANCIAL ASSISTANCE HINGES ON WHETHER KIEV HAS A CLEAR REFORM PROGRAM, POLITICAL WILL TO IMPLEMENT IT

KIEV TO CHOOSE BETWEEN DEFAULT AND POPULAR UNREST. (By Tatyana Ivzhenko. *Nezavisimaya gazeta*, March 11, 2015, p. 1. Excerpts:). . . The Ukrainian authorities declared back in February that in order to obtain a vital loan from the International Monetary Fund, they would have to implement a number of unpopular measures. Starting April 1, the country will see sharp utility rate hikes on natural gas, heat and electricity. According to the government, this is being done in order to transition to market pricing mechanisms in all consumer categories by the end of 2016. Presumably, once the government abandons subsidies that it used to provide price discounts for the population, it will no longer have to subsidize Naftogaz from the state budget. . . .

The first phase of price increases is only the start of the transition to market prices. The government has come up with measures to soften the blow: The head of Naftogaz announced a simplified system for providing individual discounts to low-income consumers. However, there is no talk of monetizing those discounts quite yet. . . .

Experts in Kiev have cautioned that this could spark popular unrest in the country. Right now, the people are upset not with the IMF – which, according to the government, set forth the [utility tariff] increase requirement – but with National Bank head Valeria Gontaryova, who was unable to keep the national currency rate stable.

After a sharp collapse to 40 hryvnias to the dollar at the end of February, which forced the president and the prime minister to intervene, the situation on the currency market has calmed down. Yesterday, the exchange rate stood at 23-24 hryvnias to the dollar. Prices were slowly returning to normal after a sharp increase. The government did everything in its power to stop the panic on the eve of a meeting with the IMF board of governors.

Kiev had virtually no doubts that the new credit program would be approved. [Ukrainian] Finance Minister Natalie Jaresko announced in advance on Twitter that “the first tranche that Ukraine will receive in order to achieve macroeconomic stabilization will constitute a significant part of \$17.5 billion.” According to specialists, over the next month, Kiev could receive \$6 billion to \$8 billion. Earlier, Jaresko clarified that half of the allocated sum will go toward replenishing National Bank reserves, while the other half will go toward fulfilling [Ukraine’s] external obligations.

Vladimir Lanovoi, former Ukrainian finance minister and president of the Center for Market Reforms, believes that just as last year, the money will barely be enough to cover existing loan obligations. According to him, this year Ukraine owes foreign creditors up to \$11 billion. As Prime Minister Arseny Yatsenyuk previously reported, in 2014 Ukraine received \$9 billion in loans, and paid off \$14 billion in old debts.

Today’s decision by the IMF is a temporary respite, believes former economics minister Viktor Suslov: “The IMF loan is crucial in terms of delaying the threat of default, paying off debts that are coming due, stocking up on critical import goods and reforming specific industries.” He said that if the authorities fail to take advantage of this respite to carry out reforms, the situation will get exponentially worse in the future.

An NG source close to the government said that the IMF loan

is not the only source of financial aid for Ukraine. According to the source, talks continue about issuing about \$40 billion through other international financial institutions. But these negotiations, which, according to the source, are being conducted in private, hinge on whether or not Kiev has a clear reform program, as well as the professionalism and the political will necessary to implement it. “I happened to hear that the West will help us prepare a reform program and send its specialists, who will oversee its implementation and, of course, ensure the proper use of funds,” NG’s interlocutor said. The source did not rule out that the new deputy prime minister for European integration will serve as an intermediary between Ukraine and the West. . . .

RECENT STATEMENTS INDICATE SELF-PROCLAIMED REPUBLICS, OFFICIAL KIEV HAVE DIFFERING VIEWS ON CONSTITUTIONAL REFORM; EXPERT: SIDES NEED TO COME TO NEGOTIATING TABLE IN ORDER TO FIND COMPROMISE, AS PRICE OF WAR IS GETTING TOO STEEP

NEW CONSTITUTION COULD EXACERBATE DONETSK BASIN CONFLICT. (By Tatyana Ivzhenko. *Nezavisimaya gazeta*, March 12, 2015, p. 1. Condensed text:) Today, Kiev will release the list of candidates for the Constitutional commission. [Ukrainian] President Pyotr Poroshenko proposed that the commission, which will develop a new Constitution, be headed by Supreme Rada chairman Vladimir Groisman. . . .

A year ago, it was assumed that the regions would gain more power by getting rid of the all-powerful state administrations, the heads of which were appointed by Kiev. It was planned to hand over executive functions to [regional] executive committees, which would be appointed by local councils. As a result, representatives of the central government in the regions would have lost all financial and economic leverage, and would have been left only with the task of ensuring the legality of the local self-government institutions’ decisions.

The reforms were hindered by the military operations in the Donetsk Basin and the early Supreme Rada elections in October [see Current Digest, Vol. 66, No. 44-45, pp. 3-7]. Under Ukrainian law, amending the Constitution is a long and complex procedure: It requires approval by the Constitutional Court and several approval votes by a constitutional majority in the Supreme Rada (300 votes) over the course of two parliamentary sessions. If the Constitutional commission submits its draft by the summer, then the [proposed] changes to the Constitution may be adopted no earlier than the end of the year.

The Poroshenko team has not given up on the idea of decentralizing power; in fact, this idea was made part of the Minsk agreements. Back in September, participants in the [Minsk] talks signed a document giving special status to districts of Donetsk and Lugansk Provinces controlled by the Lugansk and Donetsk people’s republics [see Current Digest, Vol. 66, No. 39, pp. 3-6]. The corresponding law, adopted by the Ukrainian parliament, stipulates that such status will be granted for three years. The deputies explained that during that time, all Ukrainian regions will get the same status within the framework of decentralization. But given the situation in the Donetsk Basin, it was planned to introduce the new system there even prior to the Constitutional reform.

However, in the fall, it turned out that Kiev understood Consti-

tutional reform differently from the DPR and LPR. That is why the self-proclaimed republics ignored the law on special status and held their own elections for the parliament and heads of state in November [see Current Digest, Vol. 66, No. 44-45, pp. 8-10], against the will of the Ukrainian authorities. A new round of confrontation was prevented in late winter by the Minsk-2 agreements [see Current Digest, Vol. 67, No. 7, pp. 3-7], which also speak about the need for Constitutional reform.

Of late, leaders of the self-proclaimed republics and representatives of official Kiev have once again started exchanging opinions on the matter. Vladislav Deinego, the LPR's representative in the Minsk contact group, said that the heads of the two [self-proclaimed] republics have appealed to Pyotr Poroshenko to begin Constitutional reform right away, and to consider the relevant proposals by the LPR and DPR. Deinego invited Groisman to Donetsk to discuss the details.

Responding to journalists' questions in Kiev, Groisman said that such negotiations are not possible: "I believe that the consultations must involve legitimately elected authorities. In my opinion, the only legitimate authorities, even in the temporarily occupied territories, are the ones the people elected in the local 2010 elections (the last time Ukraine held local government elections – NG)." He stated that a complete ceasefire is a necessary prerequisite for such negotiations. In response, representatives of the self-proclaimed republics suggested that Kiev hammer out those details with whatever parties it intends to negotiate with on reforming the Constitution.

These jabs indicate that the sides still hold differing views on what the reforms should entail, believes Konstantin Bondarenko, director of the Institute for Ukrainian Politics. He confirmed information that NG received from sources close to the Ukrainian authorities that the LPR and DPR want a permanent special status (not a temporary one) that would be quite different from those granted to other regions following decentralization. NG's source pointed out that Donetsk and Lugansk are basically after the status of capitals of autonomous republics – capitals that would govern not only the districts currently controlled [by the self-proclaimed republics], but all of Donetsk and Lugansk Provinces. "In addition, they are demanding that the new Constitution give the Donetsk Basin something like veto power over all of Kiev's security and foreign policy decisions," the source said.

Konstantin Bondarenko noted that we don't know the LPR's and DPR's demands for certain: "We can say with confidence that the sides have different views on Constitutional reform. Kiev will never agree to the demands you just listed, but we need to look for a compromise. And in order [to reach one], we should sit down at the negotiating table with the leaders of the Donetsk Basin – the ones who head the LPR and DPR." The expert said that the Donetsk Basin and the rest of Ukraine cannot peacefully coexist in the first place without Constitutional reforms: "A new Constitution will become the guarantor of the agreements that have already been reached. If this solution is not implemented, we can expect another round of confrontation. We will have to sit down at the negotiating table sooner or later anyway; the only problem is that the price of these agreements rises each day – after all, the price is human lives." . . .

U.S. DECIDES AGAINST SENDING LETHAL WEAPONS TO UKRAINE; REPORTS INDICATE THAT A NEW ROUND OF CONFRONTATION IS ABOUT TO START; WITH THREAT OF ISIS LOOMING OVER NORTH CAUCASUS, CENTRAL ASIA, MOSCOW MAY FORGET ABOUT DONETSK, SAYS EXPERT

KIEV ASKING EU FOR WEAPONS IT DIDN'T GET FROM WASHINGTON. (By Tatyana Ivzhenko. *Nezavisimaya gazeta*, March 13, 2015, p. 1. Condensed text:) . . . On Wednesday evening [March 11], it became known that the White House reached a de-

cision on military supplies to Ukraine. US Vice-President Joseph Biden outlined the approved list to President Pyotr Poroshenko over the phone. According to the Ukrainian leader's press service, the list includes "drones, communication systems, night vision devices, and radar for determining mortar and artillery positions – [the above items] worth approximately \$75 million – plus 230 vehicles."

Citing Agence France-Presse, the Ukrainian media yesterday stated that the US may supply Raven drones, armored Humvees and nonarmored Humvees.

At the same time, Washington explained why the US had ignored Ukraine's request for lethal weapons. White House spokesman Josh Earnest said at a briefing that supplies of lethal military assistance will lead to greater bloodshed, which is something to avoid. He noted that [US] President Barack Obama does not believe a military solution is possible to the conflict in the Donetsk Basin. If the US were to give weapons to Ukraine, then Russia would help the separatists in a similar fashion, which would result in a new round of confrontation, Earnest said.

Kiev was not surprised by Washington's decision. Vladimir Fesenko, head of the Penta Center for Applied Political Research, commented to TSN television that the West does not trust Russia, "but it is still under the illusion that you can make a deal with [Russian President Vladimir] Putin" to avoid a big war. "They are looking out for themselves. European leaders are driven not only by fear, but also by absolutely banal bourgeois financial calculations. They are incurring losses from the [anti-Russian] sanctions and want to restore normal trade relations (with Russia – NG) as soon as possible," Fesenko believes. "So they are looking at what is going in Ukraine with eyes wide shut."

As political games play out under the guise of a ceasefire, the parties to the conflict in the Donetsk Basin are gearing up for new military operations. This is evidenced from daily news bulletins: The Ukrainian antiterrorist operation headquarters is reporting dozens of exchanges of gunfire a day, as well as troop regroupings" About 30,000 troops have been united under a single command in the last week, while insubordinate units have been purged. The ATO headquarters reports that LPR and DPR forces are concentrating along the declared line of contact.

Kiev is increasingly claiming that the self-proclaimed republics are only pretending to abide by the Minsk-2 agreement's requirement to withdraw heavy weapons. A source close to the Ukrainian Defense Ministry told NG: "As always, the Organization for Security and Cooperation in Europe is unable to control anything. So the enemy creates carousels, moving small convoys of heavy weapons around in a circle without really withdrawing anything." On Wednesday, Ukrainian Foreign Minister Pavel Klimkin also stated that the LPR and DPR have turned the implementation of the Minsk-2 agreements into a "[David] Copperfield magic show where every trick has to be checked."

Both Klimkin and the ATO headquarters stated that Ukraine has withdrawn its heavy weapons from the line of conflict. However, LPR head Igor Plotnitsky said: "Yes, they have withdrawn about 80%. But they still have 20% in position, and it doesn't look like they are going to withdraw [those weapons]. We know about this and keep telling the OSCE." He believes that the Ukrainian side has mostly withdrawn "equipment that needs repair, is very old or is easily replaceable."

Ukrainian experts say that the self-proclaimed republics are ready to strike in several directions at once. Political analyst Taras Berezovets said that the US's indecisiveness in providing [lethal] weapons for Ukraine could spur the other side to action. "Judging by the information coming from major think tanks consulted by the US State Department and the White House, such as the RAND Corporation and Stratfor, the situation is not improving. Last week, Stratfor published three possible development scenarios – each one worse than the next. The first scenario envisions Putin battling out

a corridor (to the Crimea – NG) through Zaporozhye, Nikolayevsk and Sumy Provinces. The second is that he will try to push through to Odessa Province. According to the third scenario, Putin is planning to occupy all of Left-Bank Ukraine, so even Kiev is at risk,” Berezovets said in explaining what Kiev is preparing for.

Nikolai Sungurovsky, director of military programs at the Razumkov Center, said in a television interview that the situation should become clear in the near future, since the Russian leadership will soon be forced to divert its attention from eastern Ukraine: “A second front could be opening in spring 2015 in Central Asia and the North Caucasus, where the Islamic State [aka ISIS] is expected to strike. If [ISIS] manages to make a deal with the Taliban, it would make the group much stronger. And if [ISIS] is joined by Islamist movements from Uzbekistan, Turkistan and western China, it would become a formidable force.” Sungurovsky believes that in that case, the Russian leadership would either have to give up on the Donetsk Basin or “on Central Asia – which [includes] Turkmenistan with its gas [deposits], and wealthy Kazakhstan with its Russian-speaking population in the north.” . . .

Ilya Kiva, deputy head of the Ukrainian Internal Affairs Ministry’s chief administration in Donetsk Province, said in an interview with Espresso TV that a new round of confrontation is inevitable: “And without lethal weapons, it will be virtually impossible for us to deal with this monster. We spent 20 years destroying our Army. Meanwhile, our opponent was working to increase its military might. So now the issue of getting lethal weapons is a matter of life and death for our state.” . . .

The Ukrainian authorities are counting not so much on Western weapons, as on a decision to send an international peacekeeping mission to the Donetsk Basin. NG sources in Kiev point out that it is possible for the UN to circumvent the UN Security Council, where Russia has a veto, in order to make such a decision. But in order to do this, the international community must first recognize Russia as a party to the conflict in eastern Ukraine – [so far,] there is no such recognition.

NARYSHKIN: BELIEVING IT IS ‘EXCEPTIONAL,’ U.S. FEELS IT CAN RAID ANY SPOT ON THE GLOBE TO SERVE ITS OWN NEEDS; NOW, EUROPE IS TRYING TO EMULATE AMERICA’S OUTDATED, FAILED TACTICS

FIFTH WHEEL FOR THE NORMANDY FORMAT. (By State Duma speaker Sergei Naryshkin. *Rossiiskaya gazeta*, March 10, 2015, p. 8. Complete text:) The Minsk agreements between the leaders of Russia, Ukraine, France and Germany have made many people hopeful that a peaceful settlement may be close at hand in Ukraine, especially after the UN Security Council endorsed the agreements. Yet the conflict is still far from being fully resolved – and not only because of ceasefire violations.

Once again, the biggest threat to peace comes from across the ocean. How dare those Europeans do something without America’s involvement? The Americans cannot put up with the idea that they have been sidelined in the peace process. This goes against the plans of the US military-industrial complex and the doctrine of American exceptionalism, which the US leadership holds sacred.

The agreements reached by the four parties undermine the plans of a fifth player, who likes to operate behind the scenes. I tend to think this is the reason why the US has been acting so erratically and inappropriately lately – sending US military instructors to train Ukrainian troops, constantly talking about providing Ukraine with lethal weapons (and maybe not just talking about it), extending anti-Russian sanctions for another year and putting pressure on the European Union to do the same.

As strange as it may sound, sanctions are one of the weakest, not strongest, elements of the US foreign policy. President Obama

said earlier that new sanctions imposed on Iran would mean that “diplomacy has failed.” In addition, it was he who suggested lifting the economic embargo against Cuba [see Current Digest, Vol. 66, No. 51-52, pp. 23-24]. These pronouncements often include some hilarious slips of the tongue, which only demonstrate that the US national ideology is in crisis and does not belong in the 21st century. The US missed the opportunity to close this chapter in history in a nice way, so the next US president will probably fall into the same ideological trap, unless he or she offers a fundamentally different foreign policy doctrine that would put an end to America’s shameful practice of patching holes in its budget by ransacking other countries.

As I wrote recently in an article (*Komsomolskaya pravda*, Feb. 20 – RG), the key motive behind the US’s regular “raids” on various parts of the world is to secure certain financial or economic gains. Call them anything you like – annexations, tributes – but these never-ending highway robberies have historically been used by the US as a “reproductive mechanism.” It is a savage, barbaric behavior reminiscent of ancient empires, and yet this is what the US still does today – except that it has significantly “improved” the methods it employs in blackmailing other nations and putting coordinated pressure on international bureaucracy. [It works] primarily through lies circulated by Western media and misinformation disseminated through US-controlled online publications.

Suffice it to recall that the so-called Euro-Atlantic organizations employ a huge number of US officials whose job is to push through decisions that would benefit the US State Department. They forget that it is European taxpayers who pay their salaries. The reason I mention this is because I have often observed the results of their “shuttle” activities in the Parliamentary Assembly of the Council of Europe and other such organizations. Today, I see something similar in attempts to alter and revise the Minsk agreements. It’s called being a “fifth wheel.”

But let’s hear what the Americans themselves say about it. In his recent State of the Union Address and elsewhere, Mr. Obama said the US must combine military power with diplomacy. According to him, [America] must “use force wisely.” In fact, even North American commentators agree that the US has a strong tendency to use force in various situations. Just recently, in early March, they estimated that over the course of its 239-year history, America has seen only a couple of decades when it did not wage any wars (see the *Axis of Logic* magazine). Yes, they have had all sorts of wars in the past two-and-a-half centuries – just wars, civil wars – but, as the authors point out, technically each US president can be considered a “war president.” Examples in this century include aggressions in Afghanistan, Iraq and Libya. Perhaps this is another American “birthright,” since it thinks that killing hundreds of thousands of civilians is an acceptable price for using force wisely.

In keeping with historical tradition, the current US elite (Republicans and Democrats alike) openly demonstrate readiness to launch a military campaign anywhere in the world. Today, they have turned the European continent into a hot spot. Even though the US did not have the courage to get involved in Ukraine’s internal conflict directly, it has worked hard to foment this conflict, escalate it and make sure it cannot be resolved quickly. Simultaneously, the US has sought to shift the blame and accuse another country of being the aggressor. Meanwhile, aggression has always been America’s *modus operandi*.

No, we are not surprised that European politicians are torn between the need to follow instructions from across the ocean and a desire to demonstrate their independence at least on occasion. What surprises us is that they emulate America in its failed tactics of securing “zones of influence.” It is very obvious that this was their plan with their neighbor – Ukraine. Perhaps they forget that this tactic only works for countries that are located at a safe distance, or that “exceptionalism” is the key concept of America’s ideology. Exceptionalism means there is only one chosen nation – certainly not dozens

of them, especially not ones being torn apart by new disagreements. Mr. Obama's advisers, on the other hand, thought this was a good opportunity to turn all of Europe into their "zone of influence."

America's foreign policy, which is profoundly selfish and militaristic with its huge military budgets, is a practical application of the exceptionalism theory. Unfortunately, it is not its only application. What about CIA "black sites" where people are tortured without trial or due process (let alone legal assistance) until they make the necessary confessions? What about kidnapping foreign nationals in third countries and indicting them in US courts with dubious evidence obtained through sting operations? What about total surveillance, including wiretapping the German chancellor's phone? This is their idea of "soft power" in boxing gloves. Finally, the death penalty is still used in a number of American states, but for some reason, this does not bother humanitarian Europe, which denounces Russia's moratorium on the death penalty as a half-measure.

Frankly, I never figured out what Mr. Obama meant when he said that the US will continue to lead "with the example of our values." Does he regard the preceding facts as part of US "values"? Or does he prefer to ignore them (as his diplomats do)? Perhaps he thinks these things are not that important. After all, being "exceptional" means you can do whatever you please. Who would dare to criticize the infallible ones?

We know from history that there were leaders who tried to rule the world using similar tricks. But the things they extolled as nation-building values were later denounced as crimes by an international tribunal. Doesn't it seem odd to you that today, as we prepare to celebrate the 70th anniversary of our victory in World War II, the current government of one of the Allied powers has forgotten all about that? All I can say is it's a real shame.

MININ: A YEAR AFTER INDEPENDENCE SQUARE RALLIES,
CORRUPTION IN UKRAINE EVEN WORSE THAN BEFORE

UKRAINE – COUNTRY RULED BY THE MOST CORRUPT

REGIME IN THE WORLD. (By Dmitry Minin. *Strategic Culture Foundation Online Journal*, March 7, 2015, <http://www.strategic-culture.org/news/2015/03/07/ukraine-country-ruled-most-corrupt-regime-world.html>. Excerpts:) If somebody asked those who joined the [Independence Square] protests a year ago what their reasons were for doing so, they would probably say that rampant corruption was the last straw. The protests have become a thing of the past, the government has changed, and corruption has spread to become practically all-pervading. Corruption in Ukraine is a unique and unparalleled phenomenon. The old hierarchic corruption system had its own rules and restrictions. Now, corruption has no boundaries. It's impossible to know who pockets what, in what quantities and why. It's a free-for-all. The modernization of corruption is the only thing the new regime has modernized. . . .

Rada Deputy Sergei Kaplin, a lawmaker from Poroshenko's coalition, says that actually all ministries have bribe collectors. Eighty percent of schemes practiced in the days of the old regime remain in force. Loopholes for tax evasion continue to exist (wire transfers turned into cash). New schemes have appeared. It has become impossible to keep track of money flows. According to Kaplin, the Yatsenyuk government's corruption record has left the cabinet of [former Ukrainian prime minister Nikolai] Azarov far behind.

Despite how tragic it is, the ongoing war provides great opportunities for money laundering. The government reports say weapons systems and equipment are sent to the battle zone in huge quantities, while service personnel continue to complain. The military say they lack everything. It's easy to guess why. On paper, it's all sent to the front area, but in reality, the military supplies are sold to those who offer a better price. . . .

There is a plethora of cases proving merciless corruption going rampant in Ukraine. The deaths of State Property Management Fund head Valentina Semenyuk and Mikhail Chechetov [see Current Digest, Vol. 67, No. 9-10, pp. 8-13] are a good example. They both knew a lot about state fund embezzlement schemes practiced by Ukrainian officials and tycoons. . . .

How Carefully Do You Read the CDRP?

Here are some questions that might encourage you to dig extra-deep through this week's news from Russia.

(1) According to *Nezavisimaya gazeta*, what prices are about to go up in Ukraine as part of economic reforms?

- (a) natural gas
- (b) heat
- (c) electricity
- (d) all of the above

(2) According to *Novaya gazeta*, the alleged killers of oppositionist Boris Nemtsov had other Russians on their 'hit list' for making anti-Islamic remarks. Which of the following was NOT on the list?

- (a) Ultranationalist politician Vladimir Zhirinovsky
- (b) former Yukos CEO Mikhail Khodorkovsky
- (c) TV celebrity Ksenia Sobchak

(3) Quote of the week: "We are a democratic, rule-of-law nation and an open, market-based economy." Who said this to a group of business representatives, and about what political entity?

- (a) Nursultan Nazarbayev, Kazakhstan
- (b) Aleksandr Zakharchenko, Donetsk people's republic
- (c) Sergei Naryshkin, Russia

(4) A new law in Turkmenistan will allow public rallies not organized by the government, provided that the participants...

- (a) notify the authorities in advance
- (b) not carry signs written in languages other than Turkmen
- (c) not carry any tools that could be used to dismantle the Trans-Caspian pipeline
- (d) all of the above

(5) Columnist Dmitry Sedov expresses outrage that German Chancellor Angela Merkel will not be in Moscow on May 9 for the World War II Victory Day parade. On what occasion is she next scheduled to see Russian President (and former East German KGB agent) Vladimir Putin?

- (a) the following day, to lay a wreath at Moscow's Tomb of the Unknown Soldier
- (b) the 70th anniversary of the end of World War II (coming up in August)
- (c) the 70th anniversary of the firebombing of their beloved Dresden (oops, that already happened in February)

(Answers on p. 9)

Nemtsov Murder Leaves Unanswered Questions

NG: CHECHEN MUSLIMS PURPORTEDLY CONFESS TO KILLING BORIS NEMTSOV; MOTIVE WAS ALLEGEDLY RESPONSE TO MURDERED OPPOSITION POLITICIAN'S CONDEMNATION OF CHARLIE HEBDO ATTACKS, BUT THAT THEORY RINGS FALSE; ULTRACONSERVATIVE FORCES STOOD TO GAIN FROM MURDER'S FALLOUT

(Editorial) – WHERE DOES THE CHECHEN TRAIL LEAD IN NEMTSOV MURDER? (*Nezavisimaya gazeta*, March 11, 2015, p. 2. Complete text:) A “Chechen trail” has appeared in the Boris Nemtsov murder case [see *Current Digest*, Vol. 67, No. 9-10, pp. 3-5]. Suspects have been caught and are making confessions. It is reported that one of the detainees, Zaur Dadayev, may have been not only the hit man, but also the planner and initiator of the crime. The motive: to respond to Nemtsov’s criticism of Islam. For his part, Chechen leader Ramzan Kadyrov said that he knew Dadayev as a patriot of Russia who could not have done anything against his homeland.

This crime took place in the sociopolitical context of a systematic decapitation of the Russian opposition through arrests, criminal cases, de facto exile and now murder. This means that those in society who are critical of the authorities will be (and in fact already are) skeptical of the primary theory in the investigation. Nemtsov had condemned the murder of Charlie Hebdo staff [see *Current Digest*, Vol. 67, No. 1-3, pp. 6-9] and wrote about an “Islamic inquisition.” But he was never a prominent critic of Islam and moreover never considered himself an Islamophobe. Nemtsov was an inconspicuous and indeed very dubious target for Muslim radicals. Meanwhile, assassinations of politicians for their views are an act of intimidation, and as such presuppose transparent motives from the outset.

It is noteworthy that investigators and state media outlets are not even considering the theory that people in government could have been involved in the murder: “[They had] nothing to gain.” All right, but are profit motives the only reason why murders are committed? The theory that newfound personal enmity prompted Chechen Dadayev to drive to Red Square to kill Nemtsov is not rousing censure. But speculation that a similar motive could have prompted someone who is vested with power and who has more opportunity than Dadayev to get rid of undesirables is being brushed aside. Such an a la carte approach to picking theories does not work.

The current general theory fits what might be called a compromise angle: The Kremlin and Russian special services have nothing to do with it, while at the same time no one is blaming the West, Kiev or the opposition. There is a middle ground that is generating resentment from both sides of the political conflict. [The culprits] were either radical nationalists or Islamists.

Ramzan Kadyrov initially stated that Western special services were responsible for Nemtsov’s murder. He (and others) have emphasized that the goal was to destabilize the situation in Russia. What are we to think now that suspects have been found and confessions made? How are we to reconcile statements about destabilization with Kadyrov’s words that Dadayev is patriotic and incapable of harming Russia?

The saying that crime has no ethnic [underpinnings] has become a catchpenny phrase. It turns out that the criminals in the Nemtsov case do have an ethnicity. Moreover, it is being emphasized just as much as the suspects’ religious affiliation. Dadayev is a Chechen and a Muslim; and in the public space, this already sounds like an explanation, if not a justification of his action. What would bring a Muslim to such lengths?! What could have driven a Chechen who was known for his patriotism!

The “Chechen trail” may yield an answer to the question of who benefited from Boris Nemtsov’s murder. The most conservative – if not to say reactionary – forces in Russia stood to gain. Whether that means there was a compact group or movement with supporters in different government agencies is a separate topic. Ultraconservatives want the continuation of Vladimir Putin’s rule and Russia’s isolation. The material ambitions of isolationists pay off under “besieged fortress” conditions. Priority budgetary support is given to the most conservative government agencies, the most conservative social institutions and the most conservative national republics, whose leadership demonstrates a capacity for mobilizing the population above and beyond.

SINITSYN: ‘CHECHEN TRAIL’ IN NEMTSOV’S MURDER RAISES NEW QUESTIONS; WAS KADYROV INVOLVED? DOES HE CONTROL HIS FIGHTERS? WILL THE PEOPLE WHO ORDERED THE KILLING BE IDENTIFIED, OR WILL THE ‘OFFENDED RELIGIOUS SENSIBILITIES’ THEORY OVERRIDE CONSIDERATION OF ALL OTHER MOTIVES?

(Editorial) – A KILLING WITHOUT A CONTRACT. (By Andrei Sinitsyn. *Vedomosti*, March 10, 2015, p. 1. Complete text:) The first official results of the Boris Nemtsov murder investigation have raised many new questions. Five people have been arrested, two others have been detained, and another blew himself up with a grenade in Grozny during an attempt to detain him. They all come from the Caucasus. Zaur Dadayev, seemingly regarded as the one who pulled the trigger, and Beslan Shavanov, who blew himself up in Grozny, served in the Internal Affairs Ministry’s Sever [North] Chechen battalion (and were recently fired).

Investigators may well have nabbed the actual killers, but the proverbial “Chechen trail” says little: We know this meme far too well. Even the Dadayev name could sound like a cliché: Aslanbek Dadayev was given a 20-year sentence in 2010 for the murder of former State Duma deputy Ruslan Yamadayev in Moscow (near the [Russian] White House) [see *Current Digest*, Vol. 62, No. 42, pp. 12-13]; Suleiman Dadayev was sentenced in 2011 by an Austrian court to 19 years for involvement in the Vienna murder of Umar Israilov, a former Ramzan Kadyrov bodyguard. The people who ordered these crimes have not been identified. Will those who ordered the Nemtsov murder be identified?

The theory that this was not a contract killing is now being peddled in the public sphere. A number of media outlets, citing unnamed sources, have reported that Dadayev has admitted his guilt and attributed the murder to offended religious sensibilities. The head of Chechnya, Ramzan Kadyrov, wrote in an Instagram post that he knew Dadayev, and that he is a true patriot and a committed believer who was, “like all Muslims, appalled by the actions of Charlie [Hedbo] and comments in support of printing [religiously offensive] cartoons.” This post seems strange, since it indirectly justifies the killing. But at the same time, the “Chechen trail” is thus rebranded as an “Islamic trail.”

The “offended sensibilities” theory is dangerous: It sends the message to the average person that killing over an insult is okay. But it doesn’t explain how the killers were able to commit an audacious murder near the Kremlin walls and without the help of special services. Previous “Chechen trails” were usually tied to struggles in Chechnya for influence or business. But we are dealing here with the murder of a federal politician with no ties to the issue of Chechnya.

This again raises the question of whether the state has exclusive right to the use of violence. The “Chechen trail” could be a “letter to Putin” or a “letter from Putin”: The first case represents an effort to motivate the president to tighten policy, while in the second case, the president is indicating what lines cannot be crossed. The arrest of suspects linked to Kadyrov (heroes of his guard) creates intrigue: Does the Chechen leader have control over his fighters and is he responsible for them? Kadyrov likely went through some difficult moments, but he was promptly awarded the Order of Honor. Apparently, Putin has thus supported Kadyrov and signaled his detractors in the special services to stand down. But this could mean different things: that the intrigue is dead, that it has been postponed, or that its results will be told to us later.

RYZHKOV: KREMLIN HAD VERY MUCH TO GAIN FROM NEMTSOV MURDER, CONTRARY TO WHAT STATE SPIN DOCTORS SAY; NEMTSOV SPEARHEADED OPPOSITION, WAS PREPARING INCRIMINATORY REPORT DETAILING INVOLVEMENT OF RF TROOPS IN UKRAINE CIVIL WAR

NEMTSOV’S BRUTAL MURDER BENEFITS THE KREMLIN. (By Vladimir Ryzhkov, political analyst and State Duma deputy from 1993 to 2007. *The Moscow Times*, March 11, 2015, p. 9. Complete text:) The detestable murder of Boris Nemtsov shocked all of Russia. It was the first time in post-Soviet Russia that a high-profile political murder was committed in the heart of the capital, near the walls of the Kremlin and in an area under the tight control of the Federal Security Service and the police. Observers counted more than 10 surveillance cameras on the bridge alone where Nemtsov was shot in the back.

It was also the first murder of such a high-ranking politician. Nemtsov had served as governor of the large Nizhny Novgorod Province, as deputy prime minister, energy minister, deputy speaker of the State Duma, a leader of a parliamentary party and faction, and was a deputy in the Yaroslavl regional Duma at the time of his death.

The murder itself was carried out in extremely cold-blooded fashion by a highly professional and organized group. Judging from the information available, this group kept Nemtsov under constant surveillance, monitoring his every movement.

Was it an accident that on the fateful bridge where he was shot, a lone snowplow machine was at work in the late evening, and that it momentarily blocked his killer from view? And was it just by chance that the getaway car appeared at the same moment as the snowplow and, after collecting the killer, drove through the center of Moscow and disappeared without encountering the least resistance?

The driver of the snowplow and the young woman who was with Nemtsov both said they “recall nothing and saw nothing.” And did the passing man who subsequently knelt over the fallen politician merely check for a pulse as he later claimed, or, in fact, finish off Nemtsov with a final gunshot?

Since the murder, investigators have apprehended a few suspects, without throwing any light on who ordered the killing. Worse, investigators have already issued what turned out to be deliberate misinformation, thereby undermining the credibility of the authorities and deepening suspicion that they have no real interest in solving this crime.

And even worse, immediately after the assassination, the Kremlin issued official statements to the effect that the murder was a “provocation.” Kremlin spin doctors then went into action, looking for a source of this “provocation” that they alleged was designed to destabilize the country and cast a shadow over President Vladimir Putin.

Among their list of suspects: the US, the West, the Islamic State [aka ISIS] and even the opposition itself, in what the authorities described as an attempt to turn Nemtsov into a “sacred sacrifice.”

In Russia, this usually indicates that senior officials have predetermined the results of the investigation and ordered investigators to tailor the facts to fit.

Of course, the official version excludes the obvious advantage that Putin and the Kremlin derive from Nemtsov’s death, and official propaganda hastily announced that, to the contrary, the opposition leader’s murder in no way benefits Putin because it only casts a terrible black shadow over him.

However, looking at the matter objectively, it is clear that Nemtsov’s death does benefit the Kremlin and Putin personally.

Boris Nemtsov was the toughest Russian critic of the president, and he never pulled punches. His anticorruption reports – “Putin. Corruption,” “The Life of a Galley Slave,” “Winter Olympics in the Subtropics” and others – dealt a huge blow to the reputation of Putin and his oligarch friends.

It was Nemtsov who told Russia and the world of how Putin’s fellow Ozero dacha cooperative residents had accumulated fantastic wealth, of the virtual giveaway of valuable Gazprom assets, the colossal graft at [2014 Winter] Olympic construction sites and the luxurious lifestyles of Kremlin luminaries. It was from Nemtsov’s reports that millions of Russians first learned about the total corruption in the highest echelons of the Russian authorities.

During his final days, Boris Nemtsov was preparing a new report providing evidence that regular Russian troops were participating in the war in Ukraine. As far as I know, Nemtsov had exclusive information on the subject.

The publication of that report could have discredited the Kremlin’s official story that only local militias and Russian volunteers are fighting in Ukraine. It was possibly the authorities’ fear that such a report would see the light of day that cost Boris Nemtsov his life.

In addition to all this, Nemtsov was a key figure in the Russian opposition. He brought all of the differing groups together and encouraged them to work in unity. He was the main initiator and organizer of the mass protest rallies [of 2011-2012].

He traveled around the world telling foreign media and politicians about what was happening in Russia and insisted that they respond with actions aimed against corruption and human rights violations in Russia. He actively supported the Magnitsky Act¹ and explained to Western politicians which sanctions would hurt the Kremlin without compromising the interests of ordinary Russians.

And now the authorities are free of a man who could competently and fearlessly identify their greatest weaknesses and dirtiest secrets, and hold them up to the light of day.

Vladimir Putin has a lot of work to do if he wants to convince the country and the world that the Russian authorities have no connection to this cynical and terrible murder – a murder carried out on the very day of Putin’s new holiday devoted to special operations forces and the one-year anniversary of the “liberation” of the Crimea [see *Current Digest*, Vol. 66, No. 12, pp. 3-11].

LATYNINA: NEMTSOV’S KILLERS APPARENTLY HAD LONGER LIST OF TARGETS THAT INCLUDED KSENIA SOBCHAK, ALEKSEI VENEDIKTOV; PUTIN HAS LOST HIS MONOPOLY ON VIOLENCE, WHICH IS A MARK OF POWER; WILL HE STILL BE BADDEST BOY IN RUSSIA?

GOVERNMENT LOSES MONOPOLY ON PUNISHMENT. (By staff commentator Yulia Latynina. *Novaya gazeta*, March 13, 2015, p. 3. Condensed text:) When Zaur Dadayev, deputy com-

¹[Named after Sergei Magnitsky, a lawyer who died in 2009 while in custody at the Matrosskaya Tishina pretrial detention center, this law was passed by the US Congress in November 2012, to sanction those with ties to Magnitsky’s death; see *Current Digest*, Vol. 64, No. 47, pp. 18-19. – **Trans.**]

mander of the elite Sever Chechen battalion, confessed to killing Boris Nemtsov, he said that the reason for the murder was Nemtsov's anti-Islam stance and his remarks about Charlie Hebdo.

Let me remind you that Nemtsov was not the first person to talk about Charlie Hebdo. Mikhail Khodorkovsky was the first [Russian] to clearly express an opinion on the matter. "If journalists are a worthy community, every publication will carry a caricature of the prophet [Muhammad] tomorrow," Khodorkovsky wrote.

In response, Chechen leader Ramzan Kadyrov said that Khodorkovsky had "declared himself an enemy of all Muslims of the world and is therefore my personal enemy," and expressed confidence that "there are thousands of law-abiding citizens in Switzerland who will call the fugitive felon to account. And this call will seemingly be strident and heartfelt."

To Novaya gazeta's knowledge, Boris Nemtsov was not supposed to have been the only victim of the killers. The list of people they swore to kill allegedly included three others, presumably Mikhail Khodorkovsky, Ekho Moskvu editor in chief Aleksei Venediktov and Ksenia Sobchak.

Let me remind you that after Khodorkovsky's tweet, Ekho Moskvu conducted a survey on its Web site about whether the Charlie Hebdo caricatures should be reprinted. In response, Chechen President Ramzan Kadyrov said that radio station editor in chief Aleksei Venediktov had turned Ekho Moskvu into a "leading anti-Islamic mouthpiece," and expressed hope that "Russian Muslims who care about the fate of their homeland would not tolerate the antics of Venediktov and company indefinitely."

Shortly thereafter, Chechen authorities held a rally in Grozny "opposing the disparagement of Islam." An application was submitted for a similar rally in Moscow, but was rejected. That was when Nemtsov said that "everyone had had enough of Kadyrov's threats" and called everything that was going on an "Islamic inquisition."

Ksenia Sobchak has known Ramzan Kadyrov for quite some time, but this personal acquaintance (and evidently "great admiration for this strong person") did not prevent her from asking the Russian president during his annual teleconference about Kadyrov's promises to deal with the relatives of the terrorists who attacked Grozny on Dec. 4, 2014 [see Current Digest, Vol. 66, No. 51-52, pp. 9-12]. "The head of the Chechen Republic Ramzan Kadyrov has de facto announced that the laws of the Russian Federation have no effect on the territory of the Chechen Republic," Ksenia Sobchak said.

The question sparked a sharp reaction from Chechen authorities. Ramzan Kadyrov's press secretary Alvi Karimov said that "this is all fiction," and that Sobchak and her ilk "wanted to see our republic continually [mired] in bloodshed, disarray and chaos."

Immediately after Boris Nemtsov's murder, Ramzan Kadyrov said that "Nemtsov's murder was arranged by Western special ser-

vices." However, following Zaur Dadayev's arrest, he wrote that he "knew Zaur as a real patriot of Russia."

As is known, Ramzan Kadyrov's enemies kill his other enemies. Kadyrov's enemies killed Anna Politkovskaya and Natalya Estemirova [see, respectively, Current Digest, Vol. 58, No. 41, pp. 1-3, and Vol. 61, No. 28, pp. 1-4]. [His] enemies shot Ruslan Yamadayev on the embankment near the White House. [His] enemies killed Umar Israilov in Vienna and Sulim Yamadayev in Dubai [see Current Digest, Vol. 61, No. 13, pp. 4-7].

The lightning-quick action of Russian law-enforcement agencies in hunting for the killers becomes understandable in light of the figure of Zaur Dadayev, an elite Sever battalion fighter. FSB [Federal Security Service] and Internal Affairs Ministry officials got the shock of their lives.

Too many Russian security and law-enforcement officials are distraught over the loss of the Russian state's monopoly on punishment. Let me remind you that two years ago, an entire special services department was ready to resign after investigators released Kadyrov bodyguards who had been arrested for kidnapping and brutally torturing a carjacker. Only extensive persuasion and compelling arguments convinced them to stay on.

The law of power is very simple. Power is the right to commit violence with impunity. Rulers are those who whose violence is committed with impunity. The murder of Boris Nemtsov suggests that Putin is no longer the most powerful man in Russia.

The most striking aspect of this incident is that those who have said that Nemtsov was killed in order to set Putin up are almost right. But [he was killed] not to set Putin up, but to subordinate him – of course, by providing the service of getting rid of enemies. . . .

While the Kremlin was fighting [US President Barack] Obama and NATO, trouble came from another side. The question now is: How will Putin behave? And will he remain "the baddest boy in Russia"?

* * *

CDRP quiz answers (cont'd from page 6)

(1) d. (2) c. (3) c. (4) a. (5) a.

Scoring:

5/5. Super Sleuth. Consider a career in international diplomacy (take your pick – US, Israel, Ukraine, Iran?).

4. Serious Reader. A definite asset to the global village.

2 or 3. Distracted Reader. Try again with headphones off?

0 or 1. Check your browser. Did you open the right journal?

Laurence Bogoslaw,
Copy Editor

THE RUSSIAN FEDERATION

The Economy

INVESTORS UNWILLING TO TAKE A GAMBLE ON RUSSIA. (By Gleb Kuznetsov, Moscow-based political commentator. *The Moscow Times*, March 10, 2015, p. 9. Complete text:) Both former finance minister Aleksei Kudrin and current Finance Minister Anton Siluanov, along with numerous other Russian officials and pro-Kremlin economists were outraged and perplexed about the decision by Moody's and Standard & Poor's to assign Russia a "junk" rating late last month.

They claim that economic ratings have become a tool of political pressure, and that the agencies themselves have political agendas and are biased against Russia. "Look at the numbers," they say, "at Russia's assets and reserves."

Back in the boom years, I suggested to a British investment banker that the rating agencies unfairly give Russia risk factors on a par with such developing countries as Ghana. He listened to me attentively and said: "We know what to expect from Ghana, but we don't know what to expect from the Russian economy. Economics is, first and foremost, about predictability. Considering the complete lack of predictability in Russia, we have to factor in added precautions."

All expert opinions and subjective formulas aside, low ratings reflect the possibility of investors losing their money if a country defaults – something that purely economic indicators do not necessarily reflect.

It is unrealistic to hope for a high rating when market players worry that Russian leaders could suddenly announce: "We refuse to repay our debts, however small and insignificant they are compared to our national wealth. And yes, we are seizing the property owned by nationals of countries with whom we have foreign policy differences."

Investors must obviously take such risks into account. For them, it makes no difference if a country defaults because it has no money or because it has no desire to pay. Accordingly, rating agencies must factor in the overall condition of society and where it is headed – as determined by the media agenda; major public protests or rallies; the results of public opinion polls; and such things as the steady flow of weapons and "volunteer" soldiers into neighboring countries.

In the same way, the expectation of an electoral win for the SYRIZA party in Greece depressed the economy in both that country and the wider European Union for six months. In Russia's case, the problem is not so much politically motivated moves by an insidious West as this country's political uncertainty, combined with the constant stream of negative domestic news for investors.

For example, United Russia deputy Yevgeny Fyodorov recently proposed a Constitutional ban on using US dollars in Russia. What's more, deputies from the Communist Party and the Liberal Democratic Party of Russia (LDPR) – the second and third largest factions [respectively] in the Russian parliament – regularly and boldly call for nationalizing foreign assets in this country.

Even if Russia's political elite do not take those proposals seriously, they have become so accustomed to seeing that agenda item that the idea no longer sounds so absurd. Why would investors give more weight to the words of Kudrin – who holds no official status – than they would to the largest political factions in the Russian parliament and the millions of voters who support them?

Economic and investment ratings reflect reality. And that reality is not just figures indicating the national budget's solvency, the price for oil and gas exports, the capitalization of Russia's largest

companies and the government's ability to pay off its debt. It also includes the political reality consisting of the laws parliament passes, the public statements senior officials make and, ultimately, the general mood and inclination of the people.

Russia's economic ratings suffer as a result of its political risks, and those [risks] derive from the picture it presents to the world and the direction in which Russian society is headed.

If Russia were a rigid dictatorship, it would have lower risks. But Russia is ostensibly a democracy, and it constantly provides "updates" on the public mood by means of television shows, social surveys and statements by senior officials.

Again, the "rating" Russia receives is based not only on national budget figures, but also on the zealous anti-US tirades of television show hosts and the constant stream of parliamentary initiatives meant to "limit," "ban" and "halt access to" this, that and the other.

The [Russian] Investigative Committee – the most influential policing and law-enforcement agency in the country – has proposed removing the principle of the supremacy of international law over national law from the Constitution, on the premise that it leads to "legal sabotage" against Russia.

Why should investors and rating agencies ignore the possibility that within six months' time, the Russian legal system could degenerate into "a riddle wrapped in a mystery inside an enigma," rendering futile any attempt to seek justice in Russia through an appeal to international law?

Russian liberals often object to these questions. They argue that it is necessary to distinguish between the "domestic political" and "foreign economic" narratives of the Russian authorities, that the populism that finds acceptable use in domestic politics has no effect on the activities of economic entities and regulators.

Unfortunately, nobody really believes that the government can operate as a "two-faced Janus," showing the world its "political" persona – a grim-faced, bearded boor who longs for his medieval past – while showing investors its young, optimistic, innovative and friendly countenance.

And nobody – not investors, nor the leaders of neighboring states, nor Russian businesspeople hoping to develop their assets – can know with any certainty which of those faces they will encounter at any given moment. Will it be the bearded, ax-wielding Slav of lore, or the progressive and pragmatic manager sporting a designer watch and fashionable haircut, and holding a billion-dollar proposal for developing the untold riches of the [Russian] Far East and Siberia?

This misunderstanding gives rise to all the risks that cause so much damage to Russia's foreign policy reputation, its economic rating and the social well-being of its citizens.

And not even the creation of a new ratings agency to counter the "slander" of the big three Western agencies, the lifting of sanctions that liberals would see as a sign of a "thaw" in relations, or a new cold war that has the conservative world so scared will help Russia determine once and for all who it really is.

RUSSIA: AN OPEN, INNOVATIVE COUNTRY LAGGING FIFTY YEARS BEHIND.

(By Anastasia Bashkatova. *Nezavisimaya gazeta*, March 13, 2015, p. 1. Condensed text:) . . . The State Duma organized a meeting with foreign businesses yesterday. Parliamentary speaker Sergei Naryshkin tried to convince entrepreneurs that they should invest in Russia. "Despite certain difficulties caused by low fuel prices and the depreciation of the ruble, the Russian economy remains stable and continues to develop," he said.

Russia has no intention of isolating itself from the rest of the

world, even with sanctions imposed against it. “Despite recent developments, Russia will not reconsider its development plans. We are a democratic, rule-of-law nation and an open, market-based economy,” Naryshkin said. “Improving Russia’s business climate has always been our priority.”

The difficulties that foreign businesses face in Russia are the price that they have to pay for the mistakes of Western politicians who imposed sanctions against Russia. Unlike those politicians, Naryshkin explained, the Russian authorities want businesses, including foreign companies, to be able to operate in Russia without problems.

Russia’s relatively small foreign debt is the biggest advantage of the Russian economy, Naryshkin said. Indeed, Russia’s public debt is estimated at 12% of the gross domestic product. But if the Russian economy slows down and GDP shrinks, the debt-to-GDP ratio will grow. In that case, who knows whether the Russian authorities would still be able to persuade foreign businesses to operate in Russia?

It is very important for businesses to know that the presidential administration, the State Duma and the government are promising them support, as well as fair and transparent rules of the game, said Aleksandr Ivlev, Ernst & Young’s managing partner for Russia, at the meeting. Yet nice words are not enough for businesses, foreign experts say; they want to see specific steps being taken. However, that may not happen, since in reality the authorities have entirely different priorities, which have nothing to do with what they say at their ceremonial meetings with business people. That was the opinion of experts at the European Parliamentary Research Service.

On Wednesday [March 11], the European Parliament released a report titled “The Russian economy: Will Russia ever catch up?” The report says Russia has never been able to catch up with or overtake Europe, nor will it be able to do so in the future.

“Russia has always lagged far behind the rest of Europe,” the authors write. They substantiate their claim with a reference to studies comparing historical GDP data.

These studies show that the economic gap between Russia and Europe has been in existence since the Tsarist period, “with per capita GDP stuck at around half that of the advanced Western economies.” “This confirms the thesis advanced by former prime minister Yegor Gaidar of a stable 50-year time lag between Russia and Western Europe,” the authors write. “With no prospect of the radical structural reforms needed for Russia to catch up, that development gap will continue for the foreseeable future,” the foreign experts add.

Yet the Russian authorities have totally different priorities. Even under [former president] Dmitry Medvedev, who could be described as a liberal president, the declared modernization was never implemented. According to the European Parliament analysts, “the measures taken were half-hearted and incoherent.” These measures had little or no effect, especially considering that later, hard-liners led by Vladimir Putin came to the forefront in the Russian government.

Some of the observations made by the authors may seem strange to Russian readers. For example, for some reason European experts interpret Aleksei Kudrin’s dismissal by liberal president Dmitry Medvedev [see Current Digest, Vol. 63, No. 39, pp. 13-15]

as a victory for the security, law-enforcement and defense clan.

“At the moment, the geopolitical situation seems likely to play into the hands of the hard-liners,” the foreign experts write. Russia pursues an “aggressive foreign policy” regardless of the economic cost, say the European parliament analysts. Due to geopolitical considerations, economic reforms will be even less of a priority for the Russian authorities, the Europeans claim.

NG has talked to a number of Russian experts who tend to disagree with the European Parliament’s specialists. They think the crisis may actually force the government to implement the reforms that it initially was going to put off.

“The Russian economy has encountered a number of external and internal economic shocks, the biggest of which is a drop in fuel prices. The ongoing Western aggression in the form of sanctions is consolidating the nation better than anything else,” says Artyom Deyev, head of the analysis department at AMarkets.

“Russia may use the sanctions to its advantage. It is now obvious that Russia’s dependence on fuel exports makes our economy very vulnerable, so it is necessary to draw the corresponding conclusions and implement structural reforms intended to diversify the economy and develop the agricultural sector, the metal industry, high-tech manufacturing, light industry and the machine industry,” says Dmitry Kipa, head of the analysis department at QB Finance. Kipa thinks the Russian market will always appeal to foreign companies, “because Russia remains the biggest consumer market in Europe.”

“Structural transformations are already happening in the Russian economy, regardless of what the government does. It is just that Russian entrepreneurs have finally realized that they will not be able to survive on oil exports alone. So exports and the economy overall are going through an intense diversification process. For example, fuel accounted for only 60% of all exports in 2014, whereas in 2013, it was almost 75%,” says economist Narek Avakyan, an independent expert.

“Due to low oil prices, the structure of the Russian economy will be changing in the next few years. The Russian authorities will continue with their import substitution policies. The number of public-private partnership projects will increase, including megaprojects like the Central Ring Road or the Kerch Strait Bridge,” says Sergei Kochergin, an analyst at EXNESS. . . .

Yet not all experts are so optimistic. After all, similar predictions were made during the 2008-2009 [economic] crisis. People expected it would kick-start reforms, make Russia less dependent on oil and help develop proper institutions, making the Russian economy more modern and competitive. Yet the government largely missed that opportunity. Thus, we have every reason to doubt whether the government will take advantage of the crisis this time around. . . .

Structural reforms mean that the current disproportion between industries has to be fixed. “During the Soviet period, our country had a siege mentality, so we had a mobilization-driven economy,” says [FinEkspertiza managing partner] Nina Kozlova. “For the past 20 years, our situation was different as far as international affairs are concerned; but now it has changed again, and we are once again in a situation that created this disproportion in our economy in the first place.”

OTHER POST-SOVIET STATES

Turkmenistan

TURKMENISTAN ALLOWS GATHERING IN GROUPS OF THREE OR MORE. (By Viktoria Panfilova. *Nezavisimaya gazeta*, March 13, 2015, p. 7. Complete text:) Starting July 1, 2015, public events alternative to those organized by the authorities will be allowed in Turkmenistan. Turkmenistan's Law on the Organization and Conduct of Meetings, Rallies and Demonstrations, approved by President Gurbanguly Berdymukhamedov, aims to uphold the country's democratic image and meets the demands of the European Union and the US, without which further cooperation, including in the natural gas sphere, is impossible. However, experts are worried that special services will now have more opportunities to identify the regime's potential opponents.

The law, posted on the Web site of the Turkmenistan Golden Age government news agency, aims "to ensure the exercise of the constitutional right of Turkmenistan's citizens to hold peaceful meetings, assemblies, rallies, demonstrations and other mass events, and to enjoy public security during the conduct of these activities." The law's 20 articles specify how and on what conditions citizens may participate in a public event. The main condition is the notification requirement for a mass event, except for a picket held by one participant. Under the law, participants in public rallies must not cover their faces, wear masks or use other items impeding their identification, or carry weapons or items that could be used as a weapon.

Andrei Kazantsev, director of the Analytical Center at the Moscow State Institute of International Relations, pinpointed the reasons why the president of Turkmenistan decided to take a liberal step. "This is very important for upholding the country's image. Berdymukhamedov is counting on the development of oil and gas cooperation with the EU and the US. And this is impossible without improving the country's human rights image," Kazantsev told NG.

Arkady Dubnov, a political commentator and Central Asia expert, also believes that by adopting a liberal law, Ashgabat "is actively courting the EU in a bid to resurrect the Trans-Caspian Pipeline project." "Turkmenistan is waiting for a proposal from Brussels on terms for direct gas supplies to Europe and the price for that gas. That is why Ashgabat is making decisions that could somewhat improve Turkmenistan's image, which in turn could facilitate discussion of the gas deal in the European parliament. After all, until now parliamentary deputies have been blocking all possible deals with Ashgabat, citing human rights violations and a lack of democracy in the country," Dubnov told NG. The expert recalled that Turkey is also interested in gas supplies from Turkmenistan. "Ashgabat has started a complicated game, choosing between possible proposals from Brussels and Ankara. Turkey is also interested in participating in the Trans-Caspian pipeline project: By receiving Turkmen gas, it could become a gas hub. However, after Berdymukhamedov's visit to Ankara, where no concrete agreements were reached, Ashgabat is placing a bet on Europe," Dubnov believes.

The second reason for the passage of this law on public rallies, in Andrei Kazantsev's opinion, is the worsening situation in and

around Turkmenistan. "Ashgabat may need international assistance to deal with the problems that are arising along the Afghan border. Image is also important here," the expert says. Furthermore, according to Kazantsev, a potential for extremism, above all religious extremism, and latent interclan and intertribal disagreements is building inside the country. "Internationally, Turkmenistan is facing a growing threat from extremist structures based in Afghanistan and from the Islamic State [aka ISIS]. In this regard, permission to hold peaceful rallies, including those held by religious organizations, could somewhat defuse the situation. Furthermore, special services will be better informed about who is in the opposition, what is happening within its ranks, and how great its influence is on the country's population," Kazantsev said.

Shokhrat Kadyrov, a leading research associate at the Russian Academy of Sciences' Institute of Oriental Studies, told NG that there are circumstances that explain the steps taken by the Turkmen government. None of them directly indicate that the era of power and happiness has given way to an era of democracy. "First of all, the external political situation is more conducive to curfew than to civil freedoms. Nor is the economic crisis conducive to democratic reforms. Finally, democratic reforms can only come as a package including the full range of transformations: freedom of expression, the press, conscience and religious belief, a multiparty system, and so on and so forth. Even if the government has decided to gradually introduce mild democratization, then starting with public rallies is not the best possible option. Freedom of the media and the informal press would be better suited for that. The media shape the mood and interests of the discontented that then grow into rallies. The option proposed by the government in this law is provocative," Kadyrov said.

The expert explained the essence of the provocation and the goals set by the government: "Turkmenistan's entire 25 years of existence have been a time of tightening the screws on democracy, rather than promoting it. Even if any democracy has developed, it has existed on paper only, while in real life everything has been – and still remains – under the close supervision of the special services. Permission to hold public rallies is a move approved by, and possibly even originating from, the National Security Committee of Turkmenistan. There are discontented people in the country, but the punitive measures stipulated for democratic activities are pushing Turkmen citizens into using underground methods. Not only is the National Security Committee becoming more effective, but the public itself is gaining experience in resistance. Hence the law on the freedom of meetings and demonstrations. The idea is to use them to identify the discontented, keep tabs on them and subsequently arrest them. It would be a mistake to believe that citizens will go to demonstrations tomorrow. That will be done not by them, but by shills from the National Security Committee," Kadyrov believes.

According to the expert, there is also a third circumstance related to the emergence of this law – specifically, the national government's wish to find a public force that would be used to strengthen state sovereignty in the difficult external political situation. The freedom of meetings and rallies is designed to save the country from annexation and other encroachments from the outside.

INTERNATIONAL AFFAIRS

Arms Control and Nonproliferation

CFE TREATY IS DEAD. (By Vladimir Mukhin. *Nezavisimaya gazeta*, March 12, 2015, p. 1. Complete text:) Yesterday, Russia finally suspended its participation in meetings of the Joint Consultative Group (JCG) under the Treaty on Conventional Armed Forces in Europe (CFE). Moscow deemed it detrimental to its own security. “Thus, the suspension of the CFE Treaty that Russia declared in 2007 [see Current Digest, Vol. 59, No. 44-45, p. 22] becomes complete,” Anton Mazur, head of the Russian delegation to the Vienna negotiations on military security and arms control, stated at a JCG plenary meeting.

This decision was anticipated by the expert community, since the CFE Treaty, signed between the USSR and NATO in 1990 and adapted to new circumstances in 1999 in Istanbul, has failed to become a reliable tool for control of conventional armed forces in Europe.

After the CFE Treaty came into force (Nov. 9, 1992), over 59,000 pieces of conventional armaments and equipment were eliminated in Europe in the 1990s. However, the disintegration of the Soviet Union and the creation of new states in Europe required a new conventional arms control document. So on Nov. 19, 1999, the Agreement on Adaptation of the CFE Treaty was signed at the Istanbul summit of the Organization for Security and Cooperation in Europe. This document abolished maximum numbers of troops per bloc, replacing those restrictions with a system of national and territorial ceilings. At the same time as the adaptation agreement was signed, the Final Act of the CFE Conference was adopted, in which certain states, including Russia, took on unilateral political commitments.

Russia’s commitments were to limit the deployment of arms and military equipment in Kaliningrad and Pskov Provinces. Moscow also said that it was prepared to downsize its military bases in Georgia, and withdraw its arms and military equipment from Moldova. All of these commitments were political and not subject to ratification, but they were part of a package under the unified CFE adaptation regime. Russia has effectively met almost all of its commitments. However, the adapted CFE Treaty was ratified by only four countries: Belarus, Ukraine, Kazakhstan and Russia. Meanwhile, in Europe, NATO began active eastward expansion. At the same time, the Western countries that had signed the adapted CFE Treaty refused to ratify it.

Yesterday, Mikhail Ulyanov, director of the arms control and nonproliferation department at the Russian Foreign Ministry, said that Wikileaks materials had prompted Moscow to suspend its participation in the JCG. “When Wikileaks published classified [US] State Department documents and information, that confirmed what we were already seeing at the time: The US had forbidden its allies to discuss any substantive issues at the JCG,” the diplomat said. “Under those conditions, there was no longer much sense in continuing our participation in the JCG. That was becoming increasingly obvious, and now we have made the decision to suspend our participation in this group.”

Col. Gen. Leonid Ivashov, former longtime head of the Defense Ministry’s Chief Administration for International Military Cooperation, told NG that “Russia is not to blame for the fact that the CFE Treaty has become irrelevant.” Ivashov, who was one of the principal participants in the CFE adaptation negotiations from 1995 to 1999, believes that the NATO expansion process, which began after the termination of the Warsaw Pact [in 1991], is one cause for the disproportion in the quantitative levels of arms and military

equipment in Europe. “Amid the drastic geostrategic changes in the world, the CFE Treaty is no longer in line with military-political realities and Russia’s interests. After suspending its participation in the treaty, Moscow kept working in the JCG for almost eight years, trying to develop a new conventional arms control regime. That did not happen.

“NATO continues to build up its infrastructure near Russia’s borders. The US is deploying its missile defense system in Europe. And our former CFE partners refuse to make any concessions on conventional arms control and limitation in Europe.”

Russia’s final withdrawal from the CFE Treaty came at the same time as the European Union’s statement about creating its own army [see article in this section under Europe, below]. Prior to this, the NATO leadership had developed plans to expand its military infrastructure near Russia’s borders. Naturally, Russia opposed those moves. Gen. Ivashov believes that the main military threat to Russia these days is posed not by European countries, but by the US: “It is nudging other NATO countries toward confrontation with Moscow.” This view is shared by Army Gen. Yury Baluyevsky, who helped draft documents on the suspension of Russia’s CFE membership in 2007, when he was chief of the General Staff of the Russian Armed Forces.

The general also believes that the main external military threat to Russia comes from the US. Baluyevsky told NG that “Washington furthers its interests and conducts combat operations for the most part not directly, but by proxy.” He attributes Russia’s final withdrawal from the CFE Treaty to the fact that “our partners under the treaty already felt absolutely free to do as they pleased, to put it mildly. NATO troops are beginning to be redeployed to the Baltic States and Poland for no tactical, political or military purpose at all, under the guise of exercises. However, I’m sure the exercises will end, yet the reinforced troops and all their heavy weapons and equipment will remain there on a permanent basis.” Baluyevsky does not see any need yet for Russia to withdraw from other international military treaties, including the Treaty on the Elimination of Intermediate-Range and Shorter-Range Missiles.

The military official is confident that there is no need for Russia to enter an arms race over its withdrawal from the CFE Treaty, let alone deploy any military bases, troops, etc. on the territory of other states. “I believe it’s enough that Russia has now reached an agreement on the use of military infrastructure in certain countries in South America (Cuba and Venezuela),” Baluyevsky said. “We can act there, ensuring military security with asymmetric measures. In this context, I believe it is necessary to focus primarily on countering internal threats (information threats and so on), as stated in Art. 11 of the new Military Doctrine, which was adopted in December 2014 [see Current Digest, Vol. 67, No. 1-3, pp. 13-14],” Baluyevsky commented.

RITUAL FUNERAL. (By Pavel Felgengauer. *Novaya gazeta*, March 13, 2015, p. 6. Complete text:) The Russian Foreign Ministry has declared its refusal to participate in meetings of the Joint Consultative Group (JCG) under the Treaty on Conventional Armed Forces in Europe (CFE) [see article in this section, above]. Our diplomats believe that participation in these meetings has become “senseless” and costs too much.

As a matter of fact, Russia withdrew from the CFE Treaty back in 2007 [see Current Digest, Vol. 59, No. 44-45, p. 22], but at that time, in his annual Message [to the Federal Assembly, Russian] President Vladimir Putin put forward an evasive formula: a one-year “moratorium” on compliance with the CFE Treaty, and final withdrawal if there is no progress in negotiations with NATO.

Granted, international law makes no provisions for any “moratorium,” and Russia exercised its national sovereignty to withdraw from the CFE Treaty pursuant to Art. 19 (giving notice 150 days prior to withdrawal).

At that time, relations with the West were a little better than now, and the de facto denunciation of a major disarmament agreement was modestly referred to as “suspension of the CFE Treaty,” with everything naturally being blamed on the West and NATO. Since Dec. 13, 2007, Russia has ignored all of the CFE requirements but continued to participate in JCG meetings, presumably to leave its “partners” some hope for the normalization of relations and not to spook them prematurely. According to our diplomats, it turns out that our “Western partners regularly use this platform (JCG) to make ritualistic and unrealistic appeals to Russia to resume compliance with the old CFE Treaty, which is detrimental to us.” So [the Russians] got fed up and slammed the door.

Talks on mutual arms reductions in Europe began in Vienna back in 1973, and continued unsuccessfully for 16 years over disagreements in the estimates of Soviet forces. Officially, Moscow announced an “approximate balance of forces,” but in reality it had secretly amassed significant numerical superiority, especially in tanks. The senseless buildup of armaments ruined the Soviet Union (as it is ruining Russia today). The CFE Treaty, signed in Paris in 1990, brought the cold war in Europe to an end, seemingly forever. A process of across-the-board disarmament began, unprecedented in the history of the continent. Old NATO members and new members from among the former Soviet satellites considerably reduced their armed forces – far below the CFE ceilings. The US forces in Europe were reduced by a factor of 10 – from over 600,000 to about 60,000. The CFE Treaty reduced Russia’s potential military threat from the West to its lowest level in history.

Russia’s original ceilings for troops and permanent storage sites west of the Urals were: 6,400 battle tanks, 11,480 armored combat vehicles, 6,415 pieces of artillery, 3,450 combat aircraft and 890 attack helicopters – a total of 28,635 pieces, which was more than enough. No rearmament program could produce so many modern armaments. In 1999, during the Istanbul summit of the Organization for Security and Cooperation in Europe, the CFE Treaty was adapted; the national ceilings were lowered, but they are still far higher than the levels of forces actually deployed today. Russia’s demands on flank entitlements were taken into account, and in exchange [then-Russian] president Boris Yeltsin pledged to withdraw troops from Transnistria and Georgia (including Abkhazia and South Ossetia). Under Putin, no one planned to honor those conditions, and so the Western countries did not ratify the adapted CFE Treaty. It remained [only] on paper, which Moscow naturally blamed on the West.

The real point of the CFE Treaty was not [to establish] ceilings, but [to stipulate] serious measures of mutual warning, control and inspections. Under the treaty, it was possible to demand that any available combat equipment be presented for counting at any time. Of course, following the termination of the CFE Treaty, the Vienna Document of 2011 [on Confidence and Security-Building Measures] and the Open Skies Agreement are now in force in Europe, but these observation and monitoring regimes are far milder, and inspections are essentially voluntary. In 2007, when the Duma met to terminate the CFE Treaty, Yury Baluyevsky, [then] chief of the General Staff of the Russian Armed Forces, stated that the treaty allows [the West] to “continuously monitor the composition and state structure of Russian military forces in the European zone.”

With less than nine months to go before the Russian invasion of Georgia in August 2008, that “continuous monitoring” meant nothing. After the first Independence Square protests in Kiev in 2004, planning and preparations evidently began for the possible use of military force in the Crimea and eastern Ukraine. Now, in

hindsight, it is clear that Putin’s famous speech in Munich in February 2007 [see Current Digest, Vol. 59, No. 7, pp. 1-4] and the subsequent termination of the CFE Treaty were not just saber-rattling meant for Russian domestic consumption, as was hoped at the time. The authorities were preparing systematically to use military force to assert their regional domination, and the CFE Treaty was standing in their way. The post-Soviet era was coming to an end, a new confrontation with the West was imminent and the treaty that had brought the cold war was bound to disappear.

Iran

OBAMA’S IRAN POLICY CLOSE TO FAILURE. (By Nikolai Bobkin. *Strategic Culture Foundation Online Journal*, March 11, 2015, <http://www.strategic-culture.org/news/2015/03/11/obama-iran-policy-close-to-failure.html>. Condensed text:) The next round of talks on Iran’s nuclear program is scheduled for March 15-20, with final agreement to be reached by March 24. This is a very dubious prospect. The outcome of a meeting held in Paris on March 7 with the participation of US, French, German and British foreign chiefs showed that the hopes for a successful outcome of the talks on Iran are rather vague.

[US] Secretary of State John Kerry tried to convince [America’s] Western European allies that the US-drafted version of the final agreement excludes the possibility of Iran going nuclear. France calls this affirmation into question, Germany has doubts about the prospects for agreement and British Foreign Secretary Philip Hammond said that, although a nuclear deal would “be great for both sides and, in our view, for the region as a whole***the outcome is still uncertain.” EU foreign policy chief Federica Mogherini shied away from detailed comments. She only called the opportunity for a deal with Iran “historic,” and said more work needed to be done in the coming days and weeks on issues that had yet to be resolved. Europe ceded the US the leading role at the negotiation table. Now, it seems inclined to believe that Washington has failed.

The only point the US and Europe agree on is that the talks cannot be delayed anymore. German Foreign Minister Frank-Walter Steinmeier has ruled out a further extension of nuclear talks between Iran and the [Group of Six] over Tehran’s nuclear program. Obviously, this doesn’t sound like support for the draft agreement offered by the White House. Moreover, German Chancellor Angela Merkel stressed the would-be agreement had to take into consideration Israel’s concern for its security. French President François Hollande openly says France does not approve the unilateral concessions that he believes Washington is ready to make. According to Hollande, the number of centrifuges to be used by Iran for uranium enrichment under the US version of the agreement is unacceptable. Paris opposes Iran’s right to maintain its nuclear program. Hollande warned that he would refuse to sign a nuclear deal with Tehran if certain details are not changed, such as the number of centrifuges that Iran could keep in its possession.

The 10-year long effort may end up in a deadlock. There are disagreements between the Western allies within the [Group of Six]. To some extent, this is the fault of the Iranian interlocutors, who chose the wrong tactics. It’s not clear why [Iranian President Hassan] Rouhani’s team decided that it would be enough to seek an agreement with the Americans only. The “Big Six” represents the whole international community. No individual group member can have a special stance. Iran must comply with the resolutions of the UN Security Council and the decisions made by the International Atomic Energy Agency, which are construed the same way by everyone. Still, different interpretations remain. At the start of the negotiation process in November 2013, French Minister of Foreign Affairs Laurent Fabius said that France stood out from the crowd: Paris had its own view, which was closer to the position of Israel

than to the proposals put forward by [US President Barack] Obama.

Washington has always taken the side of Israel when it comes to Iran. It was clear before [Israeli Prime Minister Benjamin] Netanyahu's [March 2] visit to the US that Congress would make a choice in favor of Israel, not the president of [its own] country. Relations between Obama and Netanyahu, which had been strained before, now turned into outright mutual aversion. Europe appears to support Netanyahu in the standoff. At least, that's what the comments made by Europeans during the March 7 Paris meeting implied.

The realization that the end of a years-long process of seeking a diplomatic solution to the Iranian problem may be close at hand has exacerbated the confrontation between the Congress and the [US] president to the extent that lawmakers appear to be ready to deviate from the Constitution.

The US Congress and the Israeli leader oppose any agreement with Iran, depriving Obama of his prerogative to define his country's foreign policy. Before Netanyahu's address to Congress, the bipartisan Iran Nuclear Agreement Review Act of 2015 was introduced to Congress in late February. The bill mandates the president to submit the text of a nuclear agreement with Iran to Congress within five days. Then Congress will decide whether the agreement meets [US] requirements of nonproliferation, and [verify that it] does not jeopardize US national security and precludes Iran from continuing to implement its nuclear program. Congress wants to introduce a moratorium on lifting anti-Iranian sanctions, to remain in force until it reviews the deal with Tehran. Senators believe that the process will require 60 days. The Iran Nuclear Agreement Review Act of 2015 [thus] prohibits the administration from suspending congressional sanctions for 60 days. [A statement from the bill's sponsor, US Senator Bob Corker,] emphasizes: "Passage of a joint resolution of disapproval (overriding a presidential veto) within the 60-day period would block the president from implementing congressional sanctions relief under the agreement." If it takes effect, this provision would publicly humiliate the president. The crisis of confidence leading to the division between Congress and the president may turn into a constitutional scandal, making the Netanyahu démarche pale by comparison. [The US's] Western European allies appear to side with the president's opponents. Obama seems to be preparing to step back. At least, he openly says that the historic chance to reach an agreement may be missed. Obama is even ready to leave the scene: "If there's no deal, then we walk away." But he wants to walk away amid applause. The good news, he said, is that Iran has abided by the terms of the interim agreement and not advanced its nuclear program during that time. "We're not losing anything through these talks," he said.

Tehran believes there is a chance of an agreement. "The odds of [reaching] a [final] deal is more than 50%," Iranian Foreign Minister Mohammad Javad Zarif said on March 7. It's not clear what makes him sound so optimistic. Will Iran accept the requirement to freeze nuclear research for 10 years? The chief Iranian diplomat has already spoken about the possibility of suspending the research, but he did not specify for how long. The acceptance of this very provision would hardly suit the US Congress or Israel, since they want the entire Iranian nuclear infrastructure eliminated.

Europe

UNITED ARMED EUROPE. (By staff commentator Pavel Felgengauer. *Novaya gazeta*, March 11, 2015, pp. 12-13. Complete text:) In terms of combined financial and economic clout, the European Union is obviously a superpower on a par with the US and China. However, Brussels's military and defense capabilities are very limited, and a unified foreign policy does not look like a fully viable idea. While peace reigned in Europe and there were no ex-

ternal military threats in sight, armaments and military spending steadily declined. But now, there's the Crimea and a war in the Donetsk Basin; Salafi militants fighting for the Islamic State [aka ISIS] in Syria and Iraq; and chaos in Libya, which supplies Europe with oil. Enemies are at the gates, and [the Europeans] have to respond somehow. They could increase military spending, but that is difficult and unpopular. Especially in a depression. Especially in Germany and other consistently pacifist European countries. Thus, it seems totally logical to solve this problem with good old corporate-state optimization: to combine the resources, budgets and troops of all 28 EU member countries into a single vertically integrated holding company (which could be called a pan-European army or armed forces).

In a recent interview with the German newspaper *Die Welt* am Sonntag, European Commission President Jean-Claude Juncker proposed the establishment of a unified EU army. This army, according to Juncker, should bolster a unified EU foreign policy, form the basis of a common security policy and at the same time send Moscow an important deterrent signal.

Juncker was largely supported by Finnish President Sauli Niinistö and almost all major German politicians, particularly the junior partners in the governing coalition – the Social Democrats – whose party platform includes the eventual creation of an EU army. Juncker's proposals may be discussed at an EU summit in June, along with the issue of scaling back, maintaining or expanding anti-Russian sanctions. The EC promises that greater military cooperation would not only strengthen the EU, but would help save many billions of euros, possibly without increasing overall defense spending.

The idea of pan-European military integration was last discussed seriously in the 1990s, after the end of the cold war, when the Balkan wars were raging in the former Yugoslavia. That was an attempt to revive the Western European Union (WEU – established in 1948), just in case "all of a sudden we have to fight somewhere without the US," as the European bureaucrats put it. France and Great Britain were to ensure the nuclear component of European military integration. In 1995, a rapid reaction force (Eurofor) was established. Membership in the WEU was expanded to include associated Eastern European countries. But the Europeans never put up a single serious fight without the Americans – neither in Yugoslavia nor in Libya. In 2011, the WEU was formally dissolved and its powers transferred to the EU. As a result, up to 18 battalions from various countries were promptly subordinated to the EU Council (heads of state and ministers). This "EU Battlegroup" has never been used anywhere. Now, Juncker is trying to muster a real combat force and budget to carry out what had been a quasi-fictitious defense function.

But so far, there have been too many obstacles on the way to this nuts-and-bolts upgrade of European bureaucracy and the vertical integration of defense efforts. If a future unified European army would be used only by decision of the EU Council (with consent from all 28 member countries), then in the grand scheme of things, that means practically never. In that case, it would be easier to eliminate all armed forces in Europe, but this is surely not what Juncker had in mind. On the other hand, if a decision of whether to go to war is made by the EC (Juncker and his comrades) with the endorsement of, say, the European Parliament, that would be unacceptable to many national governments. For now, the [only] one that has said a firm "no" to a European army is London, but there will be others.

Over the course of many coalition wars, various multinational combined units and armies have been formed and have successfully fought on a number of occasions, but usually in a localized war or campaign. In peacetime, the NATO military alliance coordinates the technical and organizational compatibility of various national contingents, but the decision to participate in a particular operation or

campaign is made by the [member states'] national governments and parliaments. The Americans are always supposed to participate [in such decisions], whereas the others do so on an optional basis. This is called the "coalition of the willing." A unified European army would simply fall apart if some nations chose to fight and others did not. However, if a military union is built on the basis of the EU, then instead of streamlined integration, the result would be a senseless duplication of NATO. What's more, it might deprive Europe of American defense guarantees, which most Europeans are unwilling to do without.

In Moscow, Juncker's idea will most likely be welcomed, though not openly: At one time, [in June 1966, Moscow] warmly greeted [then-French president Charles] de Gaulle when he withdrew France from NATO, even though his nuclear forces were all still pointing eastward. Anything that weakens transatlantic ties and pushes the US out of Europe is always considered useful.

Germany

MERKEL IS ERASING MAY 9, 1945, FROM THE NATIONAL MEMORY. (By Dmitry Sedov. *Strategic Culture Foundation Online Journal*, March 14, 2015, <http://www.strategic-culture.org/news/2015/03/14/merkel-erasing-may-9-1945-from-national-memory.html>. Complete text:) It would be ridiculous to suspect German Chancellor Angela Merkel of political immaturity. When she accuses Moscow of annexing the Crimea [referring to the peninsula's referendum to join Russia in March 2014; see *Current Digest*, Vol. 66, No. 12, pp. 3-11 – **Trans.**] or of aggression against Ukraine, the German leader is playing a disingenuous political game. She knows full well that the overwhelming majority of the Crimea's population expressed their wishes and what those [wishes] are, and she knows full well that there are no Russian military units in Novorossia.¹ Nevertheless, Angela Merkel is sticking to her guns. In one word, such behavior can be described as "biased."

It would be completely pointless to jump into the discussion with Merkel and to point out to her, for example, Germany's flagrant violations of international law while helping to establish the criminal regime in Kosovo or while attacking Libya. Resorting to such arguments in a debate with Berlin gets one nowhere. And one shouldn't be surprised to see bias in Chancellor Merkel's judgments about international affairs. Angela Merkel is a true believer in the global project of an American-style new world order, and she is insufferably Machiavellian about how she publicizes friction between her government and Washington: Those occasional disagreements are feigned solely in order to preserve Merkel's image with German voters. The German chancellor faithfully serves the interests of US policy and will never break with the White House on any serious issue.

Meanwhile, Angela Merkel is persisting in a stance that is de-

¹[Novorossia (New Russia) is the historical name of an area along the northern Black Sea coast that Russia acquired from Turkey by a series of peace treaties in the 18th and early 19th centuries. Most of it is now part of Ukraine. – **Trans.**]

stroying her relations with Russia and is beginning to take on an increasingly damaging form. Her refusal to come to Moscow [on May 9, 2015] to celebrate the 70th anniversary of the victory over German Nazism is particularly significant. Unlike some other public figures who have refused to take part in the ceremonies, she represents the defeated aggressor nation that caused incalculable suffering to humanity. And that is an issue in and of itself.

Is Angela Merkel's refusal intended to signal that there has been no victory over Nazism? And by arriving a day later for the wreath-laying ceremony at the Eternal Flame, does she want to merely honor the memory of the fallen? By whose hands did they fall? Here we see that the German chancellor's story doesn't hold up.

Berlin is citing the "annexation of the Crimea" and "aggression against Ukraine" as the reasons behind the German leader's refusal to meet in Moscow on May 9. There is even less logic in that. Mixing major historical events with one's own phobias is the wont of mere political pygmies. They are even ready to create a global issue out of the murky murder of a marginal Russian opposition figure [i.e., Boris Nemtsov; see *Current Digest*, Vol. 67, No. 9-10, pp. 3-5 – **Trans.**]. However, Russians still see Angela Merkel as the prominent representative of a large and friendly German nation. Since the victory in 1945 and Germany's denazification, the two countries have shared a multifaceted, mutually beneficial and cooperative relationship.

Of course, Moscow has seen how Germany's tendency to try to dominate Europe has been stealthily reawakened since that country's reunification. And NATO's eastward expansion is to a large extent being spearheaded by Germany's ruling elite, who are calculating that eventually the Bundeswehr will become the most powerful force in this vast and militarily strategic region. The discussions about joint European armed forces [see article under Europe, above] did not arise out of thin air.

However, the caliber of a politician can change, depending on the circumstances in which he finds himself. Bound by his dependence on another's will, he becomes able to make decisions that betray the interests of his own people. There have been many such examples in history.

German Foreign Ministry spokesman Steffen Seibert made a characteristic slip when commenting on Merkel's decision: "Jointly remembering the historical chapter that both our peoples lived through in World War II, and in which Germany caused so much death and so much suffering, is very important for the chancellor." He may or may not have done so deliberately, but he made it clear that in regard to summing up the aftermath of the Second World War, Germany was moving to erase historical memory bit by bit. One of the biggest "bits" is being expunged today: Germany's role as the aggressor and the Red Army's role as the victor in the war.

For the Russian people, the German chancellor's refusal to attend the Victory Day celebrations in Moscow is a very serious sign that soon Germans might refuse to acknowledge the victory over Nazism. Germany's political ranks are shifting to a new plane of political existence. The Germans are implanting a prosthetic, artificial memory, with which they can begin to revive plans for building a "new order" in Europe.