

## IN THIS ISSUE

- A Russian whodunit ..... 1
- The Odd Couple ..... 4
- Ukraine in crisis ..... 6
- Russia's Generation XXI ..... 9

**NEXT ISSUE** [Tuesday, October 22]

## A RUSSIAN WHODUNIT

By Mikhail Kochkin

On September 12 something quite extraordinary happened in the world of Russian big business: Sergei Kukura, vice president and chief financial officer of the giant oil company Lukoil, was kidnapped. This company, which together with Gazprom generates the lion's share of the Russian state budget, carries huge (and, in some parts of Russia, unlimited) influence and authority, so news of the kidnapping of the company's second-in-command came as a bombshell.

As a rule, Russia had previously seen kidnappings only of either journalists or high-ranking military personnel and government officials—and in both cases the setting was Chechnya or neighboring regions. Otherwise, kidnapping and ransom demands tended to be limited to mutual assaults by kingpins of the criminal underworld. Never before, not even in the “wild 1990s,” the frenzied period that saw the “primitive accumulation” of capital in Russia, had such a high-level businessman been kidnapped. And never had information on the circumstances of such a serious matter been so tangled and contradictory.

### **The facts**

In brief, the chronology of events was as follows: On Thursday, September 12 in the village of Vnukovo, where Lukoil has a complex of out-of-town executive residences, four unknown masked men, armed with automatic weapons, got out of a vehicle bearing blue police license plates, which was blocking the

road, and stopped the Mercedes in which Sergei Kukura was traveling with his driver and bodyguard. The attackers forced Kukura into their own vehicle and set off in an unknown direction. The driver and bodyguard were blindfolded, injected with an unidentified sedative and dumped in the woods.

Lukoil's president Vagit Alekperov immediately held a press conference at which he promised a reward of 30 million rubles (US\$1 million) for information that might help secure Kukura's release. The next night, Friday, the police received an anonymous call. An unidentified person told them that a video cassette showing Kukura had been left on a grave in the cemetery at Vnukovo, where the Lukoil village is located. On the video, the hostage passed on the kidnappers' demands for a ransom of US\$3 million plus EU3 million, in small bills.

## THE JAMESTOWN FOUNDATION

4516 43rd Street NW

Washington, DC • 20016

Tel: (202) 483-8888 • Fax: (202) 483-8337

E-mail: [pubs@jamestown.org](mailto:pubs@jamestown.org)

<http://russia.jamestown.org>

Copyright ©2002

PETER RUTLAND, EDITOR

*Russia and Eurasia Review* is a journal written by professionals for practitioners, by specialists for generalists. Since its founding in 1983, Jamestown has worked to increase public understanding of Communist and post-Communist societies. Jamestown's work is supported solely by private contributions. No funds from any government are involved directly or indirectly in support of the Jamestown Foundation, its programs or its activities.

Confidential negotiations continued for a little over a week (with an unnamed Lukoil employee nominated by Kukura himself as intermediary), in which the company insisted on guarantees that their executive should be returned unharmed, while the kidnapers demanded the ransom be handed over first. The investigating team was then sent a second video, in which the captive reiterated the terms for his release and, in the words of the investigators, “looked considerably the worse for wear.” Then there was a pause in the negotiations and for more than 24 hours the bandits made no contact until, at 2 pm on Wednesday, September 25, Kukura was released as suddenly and unexpectedly as he had been kidnapped. It was later revealed that he had been released in Bryansk Oblast, and made his own way back to the Lukoil village near Moscow before contacting the police. He was thrown out of the same vehicle with police plates in which he had been captured, not far from the Lukoil village.

**The information vacuum has allowed journalistic imaginations to run free.**

When the victim had recovered sufficiently, he told investigators that he had spent the whole time with a sack over his head and had therefore not seen his kidnapers. In the newest official account, Kukura was freed as a result of a special operation by law enforcement agencies, without any ransom being paid, due to certain information received from an individual who wished to remain anonymous, for which Lukoil was already paying the promised RU30 million. The police are questioning the taxi driver who brought Kukov to Moscow the 400-odd kilometers from Bryansk Oblast, which Kukov had asked him to do after having been thrown out of the car.

### **The theories**

Theories as to what actually happened to one of Russia’s leading businessmen have been multiplying daily. For obvious reasons, neither Lukoil nor the investigators have been especially open or forthcoming, so the public has been gleaning what crumbs of information it can from journalists who have links with so-called “confidential” sources—anonymous oil company employees

and members of the investigating team. The information vacuum has allowed journalistic imaginations to run free.

Kommersant was the first newspaper to suggest that Kukura’s kidnapping might have been staged by Lukoil itself, with Kukura’s prior agreement. Certain aspects of the intrigue point to this: Kukura’s bodyguard and driver made no attempt to offer resistance to the masked men who carried off their charge, and the kidnapers, in turn, treated the vice-president’s escorts very humanely.

The objective of the “kidnapping,” according to Kommersant, citing anonymous sources in the law enforcement agencies, was to buy time to allow Lukoil to sort out some of its affairs without incurring any losses or sustaining any damage to its business reputation. It might, for example, have needed to close a major deal or pay off an overdue loan. It would not have been deemed possible for anyone to apply pressure on the company

at such a difficult time. According to the publication, this was a watertight scenario, because it would take some considerable time to investigate all the company’s financial affairs, and it would be very hard to unearth the truth. Nezavisimaya Gazeta also suggests that Kukura was “snatched” by Lukoil. The company supposedly needed to do this in order to bring down the value of its shares on the stock exchange, so that it could then buy them up on the cheap itself.

Izvestia (which is co-owned by Lukoil itself) put forward a different version of events. This newspaper’s view was that someone gave Lukoil information which the company was able to use to apply pressure to the kidnapers, so that they were forced to let Kukura go. It is for this information that the oil company intends to pay up the promised 30 million rubles. Izvestia reports that negotiations with the kidnapers were carried out exclusively by representatives of Lukoil, rather than by the law enforcement agencies. But, at the beginning of that week, the criminals for some reason refused to come to an agreement on the handover of

the ransom, and then released Kukura. The newspaper also put forward a theory that the vice president was kidnapped by policemen, who are now being sought amongst the ranks of the Internal Affairs Departments of Moscow city and Moscow Oblast. They may have taken Kukura in order to question him about his secret personal investments or even to obtain some incriminating evidence against Lukoil president Vagit Alekperov. The view of Gazeta newspaper is that one of the company's sacked senior regional managers staged the kidnapping in an effort to pressure the company's management to stop their legal action against him, and at the same time to share their "spoils" with him. The deal was worth not US\$6 million, but several tankers, plus a share in the oil business, says Gazeta.

If these theories prove unfounded, then Kukura really was kidnapped in classic gangster fashion (as Lukoil's press service still maintains) for a ransom of US\$6 million, but the bandits subsequently lost their nerve about what they had done. But this is hard to believe, given Lukoil's reputation in Russia as an omnipotent clan, with powerful, far-reaching connections. For any group of gangsters, even the toughest, to kidnap Lukoil's vice president would be tantamount to suicide. Everything points to the fact that some serious organization was involved in the affair: The victim had been under close surveillance, and the kidnapping was carried out using police uniforms and a vehicle with special license plates, none of which ordinary gangsters would have been likely to risk.

Soon after Kukura's release a startling new version of events was put forward: It emerged that the kidnapers had left the video recordings of the hostage on the grave of another Lukoil vice president, Vitaly Shmidt, who died in very mysterious circumstances five years ago. Shmidt died shortly after drawing up a plan for the company's global restructuring. He was proposing to nationalize Lukoil's network of foreign offshore companies and, according to unofficial sources, was trying

to subordinate them to himself in order to take control of the company's main financial operations. The son of the executive, who had supposedly died of a heart attack, insisted that his father's heart was sound and that his death had not been due to natural causes. After Shmidt's death, his family were stripped of most of their shares, and his partners were put out of business. Thus the kidnapping of Sergei Kukura may have been an attempt by people close to Shmidt to get compensation for losses amounting to considerably more than US\$6 million. This theory is also indirectly borne out by information from anonymous company sources, to the effect that Sergei Kukura was indeed released without any ransom payment, but on specific conditions, some of which were financial. However, the possibility cannot

be ruled out that the kidnapers used the old and murky Shmidt affair as a smokescreen, and that the videos were left on his grave to lay a false trail for the investigators and public opinion.

**For any group of gangsters, even the toughest, to kidnap Lukoil's vice president would be tantamount to suicide.**

#### ***An open question***

New information on the affair is becoming available almost by the hour, and it is quite likely that the public will soon be presented with the final official version of events. However, it remains an open question whether Russia's business world in general and Lukoil in particular will emerge from this with tainted reputations. Only recently, Lukoil, Russia's biggest oil company, started trading on American stock markets, published open lists of its shareholders and introduced international accounting standards. Similar moves towards increased openness and transparency have been made by other major Russian companies too, and the world had begun to get used to the idea that Russian business had changed, and that the experience of the early 1990s could be forever consigned to oblivion. All these positive developments may now be wiped out with a single stroke.

Regardless of what actually lay behind Kukura's kidnapping—a special services plot, a power struggle between the big oil companies, or internal wrangling within Lukoil itself—each and every one of these explanations

and motives sends the same message: that all is not so clean and straightforward in Russian business. Kukura's kidnapping created a real threat, for he knew of all the confidential plans for the company's deals and had access to state secrets. Now Lukoil itself may worry about foul play and its president, Alekperov, may expect something incriminating to surface. A large-scale war "without rules" in the Russian business world, which has not yet completely shaken off its semi-criminal past, has the potential to ruin the reputation of Russian companies for many years to come.

Only with a scrupulously honest and frank report on the findings of the investigation, and openness from the company itself, will there be a chance of smoothing over the alarming implications of this incident, and drawing a line under the flood of information from "anonymous sources." Time will tell if Kukura's kidnapping was an isolated escapade or the beginning of a dangerous new tendency in big business in Russia.

*Mikhail Kochkin is a postgraduate in linguistic studies and a volunteer with "Eurocontact" NGO in Volgograd.*

## THE ODD COUPLE

*By Elena Chinyeva*

Long a staunch proponent of the unification with Russia, Belarusian President Alyaksandr Lukashenka appears now to be its foremost opponent, thus entering into an awkward alliance with his own political opposition at home. Russia, on the other hand, has taken an initiative in the process of unification, making itself free of any obligations to the current Belarusian president. This is all the result of a politically elegant move undertaken by Russian President Vladimir Putin.

On July 14, in the Kremlin, Putin met with Lukashenka to discuss the prospects of the unification of the two countries. The meeting ended unexpectedly for

Lukashenka. At the concluding press conference Putin proposed a detailed plan of the integration: to hold a referendum on the creation of the common state in both countries in May 2003, to elect a common parliament in December and to elect the head of the common state in May 2004. His strategy seemed to exemplify one of the core principles of his favorite sport, judo: Use the strength of your opponent to throw him off balance.

Ever since becoming the president of Belarus in June 1994, Alyaksandr Lukashenka has purposefully presented himself as the one who, despite all the political and economic difficulties and inconsistencies on the Russian side, worked hard to achieve a close union between the two countries, appearing as Russia's most reliable friend and ally. On April 2, 1996, an agreement was signed on the establishing of the Russian-Belarusian Commonwealth, a year later renamed a Union. On December

8, 1999, an agreement was signed to integrate the two countries into a common state. Now, Putin gave the firm response that Lukashenka had long demanded, and the tables suddenly were turned.

Meanwhile, the prospect of a real union with Belarus indeed raises a lot of doubt inside Russia—political, as well as economic. With Belarus, as in its relations with the other CIS countries, Russia finds itself in an awkward position. On the one hand, its growing economy needs space to expand. Russian entrepreneurs seek new markets for their products, and its oligarchs seek investment opportunities for their amassed capital. On the other hand, Russia has progressed much more on the way to the open market and a stable democratic society than just about any of the CIS countries, and many inside Russia are apprehensive that Russians would have to foot the bill again with its "new old" allies in the CIS.

These apprehensions are exacerbated by the fact that the local political forces preaching for a renewed closeness with Russia are often leftists, whose views on economic and democratic transformation are hardly compatible with the aims Russia itself is struggling to

**"Use the strength of your opponent to throw him off balance."**

achieve. In contrast, any local reformist-minded politicians tend to look to the West. Alyaksandr Lukashenka has earned himself an odious international reputation as Europe's "last dictator." Thus Russia finds itself saddled with a particularly inconvenient partner, especially now when it strives for a new place in the U.S.-led Western antiterrorist coalition.

Economically, the integration with Belarus raises more questions than it answers. According to official statistics, for what they are worth, the Belarusian economy is moving forward, growing by 4.7 percent in the first half of this year (compared to 4 percent growth in Russia), while investment increased by 6.5 percent and real income by 18 percent. Inflation dropped from 6.1 percent in January to 1.4 percent in June. However, with reforms hardly launched, the quantitative growth does not bring about any substantive qualitative changes. The Belarusian economy represents a strange symbiosis of socialist traits with the strains of an economy in transition. Thus, much output remains in warehouses, unsold, many transactions continue to take place through barter rather than cash payments, and 41 percent of firms are running at a loss. Wage arrears in agriculture alone amount to US\$16 million. In a population of 10 million, some 7 million rely on state support, entitled to special privileges such as free fares, reduced housing utility fees and the like.

Despite the fact that Belarus's economy amounts to only 3 percent of Russian GDP, Lukashenka insists on equality in rights and privileges for Belarus in the union. On the macroeconomic level, Russia has pushed hard to get Belarus to agree that the Russian Central Bank will be the sole emission center of the single currency, the Russian ruble, in the common state. From July 1, a new system of custom duties was introduced in Belarus, making the systems of the two countries almost identical. But the question of creating a unified system of taxation and pricing for energy resources has remained open.

From May 1 this year, Russia agreed to export natural gas to Belarus at internal Russian prices, about US\$20

per thousand cubic meters (in comparison, Germany pays US\$80 for the gas it imports from Russia). In 2002, Belarus is to receive 16.5 billion cubic meters of gas from Russian gas monopoly Gazprom, meaning that the subsidy is worth US\$1 billion this year alone. Meanwhile, on May 1, 2002, the unpaid Belarusian debt for past gas deliveries amounted for US\$300 million. Belarus argues that the lower price is justified by the low prices it charges Russia for gas transit through to Poland, which are one-quarter of the fees charged by Ukraine.

Russia also supplies Belarus with electric power and oil at special prices. It is estimated that one-half of the oil which Belarus imports from Russia is then re-exported at world prices, amounting to a profit of about US\$650 million per year. Belarus also benefits from being al-

lowed to ship freight on Russia's domestic railroads at Russia's discounted internal prices.

The Belarusian government is still dragging its feet on privatization.

Enterprises are just entering the first phase of turning themselves into corporations, and even then only small packages of shares—no more than 10 percent—will be put up for sale.

Worse still, the Belarusian leadership has not always observed property rights and honored agreements, thus scaring investors away. In January this year, a scandal broke around the country's leading beer producer, the state enterprise Krynitsa, in which the Russian company Baltika planned to invest up to US\$50 million in return for ownership of 50-percent-plus-1-share. Having invested about US\$10 million, Baltika still did not receive any of its promised shares, and started a court procedure at the international commercial court of arbitration housed at the Russian Chamber of Commerce and Industry.

For one month, beginning August 1, during the peak harvest season, Belarusian authorities ordered all suppliers of oil products to give 27 kilograms of diesel fuel free per each ton of processed oil, on top of their exist-

...Europe's "last  
dictator."...

ing tax obligations. The main suppliers of oil products to Belarus are the Russian companies Slavneft, Lukoil-Belorussia, TNK, Yukos and Sibneft. They estimated that they were being asked to supply about 7-10 percent of all diesel free. For Slavneft alone, a joint Russian-Belarusian company, it meant about US\$9 million in losses.

By publicizing a detailed plan for Russian-Belarusian integration, the Russian president took the initiative firmly into his own hands, marginalizing two of the political forces in Belarus that are most inconvenient for Russia: the radical nationalist parties and the Belarusian president himself. Now Russia is free to enter into a dialogue with any moderate political forces in this neighboring country with a view to facilitating the reforms of Belarus's economy and political system, and then, maybe, to unite.

However, earlier this month Lukashenka declared his intention to organize a referendum to change the constitution, allowing him to run for a third presidential term. This would entrench Lukashenka for the foreseeable future, and make it even more tricky for Moscow to find political forces within Belarus to balance his influence. The game of political judo is far from over.

*Elena Chinyeva, who holds a doctorate in modern history from Oxford University, is a writer with the leading Russian political weekly Kommersant-Vlast.*

## UKRAINE IN CRISIS

*By Taras Kuzio*

Ukraine is in the throes of a profound political crisis: A nascent party system is slowly emerging, but the parties embody several of the deep divisions that so scarred Ukrainian politics in its first and difficult decade of independence. Putting aside the scandals now swirling around President Leonid Kuchma, Ukraine's party system as it is today is an unstable foundation for democracy.

Ukraine is unique among the CIS states in that it has a large, pro-Western, reformist lobby—a product of both history and geography. The unofficial leader of that lobby is Viktor Yushchenko (who, polls suggest, would win any free and fair presidential elections). Ukraine has “Europe” and “Eurasia” all rolled into one. The quintessential authoritarian CIS regime is what the executive/oligarchs lean towards, but they are blocked by an opposition emboldened by the allegations that came to light after the content “Kuchmagate” tapes were discovered. It is hard to be either optimistic or pessimistic about Ukraine's future. The country is a work in progress, with clear battle lines between a Europeanizing reform movement and a Eurasianist, former Soviet elite. A great deal will depend on the outcome of the 2004 presidential elections.

**...unique among  
the CIS states in  
that it has a  
large, pro-  
Western, reformist  
lobby....**

### ***The progression***

Each of Ukraine's three parliaments since its independence (1994-1998, 1998-2002, 2002-2006) has been associated with one aspect of the evolution of the country's multiparty system. A certain degree of clarity in the division of Ukraine's political forces has become

evident only in recent years—thanks in part to the velvet revolution of early 2000, when the left was removed from control of parliament, and, more important, in part to the Kuchmagate crisis in November of the same year.

The 1994 parliament was elected under a full majoritarian law. This benefited the fragmented forces of the former sovereign (national) communists who had not yet created their own parties but who still had clientilistic networks, referred to as the party of power. In Soviet times the Communist Party in Ukraine (KPU) had 3.5 million members and was the largest republican party in the Soviet Union until the Russian republic created its own separate Communist Party in 1990. The extent of the disintegration of belief in communism both during the Leonid Brezhnevite “era of stagnation” and the Mikhail Gorbachev era could be seen in the fact that less than 5 percent of these former members joined the post-Soviet KPU, which has maintained a steady membership of only 150,000.

Besides the amorphous party of power, parliament had three main ideological parties. The Soviet-era KPU was banned in 1991, but allowed to reregister in 1993. They went on to win eighty seats in the 1994 election. The other leftist party was Oleksandr Moroz's Socialists (SPU), created in 1991 to represent the left wing when the KPU was banned from August 1991-September 1993.

The Rukh, which began as a broad popular coalition in 1989, went into decline after it divided into two wings at its February 1992 congress: the statist (derzhavnyky) who backed President Leonid Kravchuk, and those in "constructive opposition" to the former sovereign (national) communists. The statist created the Congress of National Democratic Forces, that today is represented by the small Christian Republican Party. This division into statist nationalists and reformist national democrats has bedeviled the Rukh and its 2002 incarnation—Our Ukraine—ever since. Those in constructive opposition were led by long-time dissident Viacheslav Chornovil, who was both a more vigorous champion of decommunisation and reform, and Kravchuk's main challenger in the December 1991 presidential elections.

By the time of the 1998 parliament, the election law had been changed to a mixed (50:50) proportional-majoritarian system, still in force during the 2002 elections. Ukraine's second parliament saw the first evidence of the institutionalization of the "party of power" into what have been defined as centrist, pragmatic parties. Some of these were newly created—Labor Ukraine [TU], Regions of Ukraine, Agrarians, and Democratic Union. Others were genuine liberal-social democratic parties captured by the "party of power"—Social Democratic united [SDPUo], Greens, and People's Democrats [NDP]. Ukraine's first president, Kravchuk, joined the Kyiv clan's SDPUo rather than the national democrats.

Why had the Soviet-era sovereign communists/post-Soviet party of power felt a need to enter party politics?

Primarily because by 1998 they had transformed their Soviet-era political power into economic power through insider privatization, corruption, financial speculation and foreign trade (especially the re-export of Russian energy and arms sales). An alliance had emerged between the executive branch and centrist oligarchs. The executive turned a blind eye to the corruption of centrist oligarchs and gained a percentage of the illicit proceeds. In return, centrist oligarchs gave the Kuchma regime needed political support.

Centrist parties served as mere "krishy" (protective "roofs" in criminal argot) for regional clans and the oligarchs' economic activity. They are ideologically amorphous and top-heavy, with members recruited forcibly or with bribes. Ideologically committed members willing to work for the good of their party cause are to be found only on the left and right of the political spectrum.

**Ideologically committed members willing to work for the good of their party cause are to be found only on the left and right.**

By the middle of the 1998-2002 parliament, it was becoming evident to the oligarchic party of power and the executive that the political system had to be refashioned to defend their gains and continued dominance. The internationally unrecognized April 2000 referendum therefore aimed to transform Ukraine into a presidential republic, a

pattern common throughout the CIS (with the exception of Moldova). This strategy collapsed only with the Kuchmagate crisis later in the year, which has since isolated both the party of power and executive.

Prior to 2000, many statist nationalists had been willing to support the center and the executive as long as those remained committed to state building (its commitment to nation building was always weak). Until then the twin external Russian and internal communist threats forced many national democrats to cooperate with the executive and centrists, something clearly seen in the second round of the 1999 presidential elections when Kuchma obtained a large number of negative votes aimed against his opponent, communist leader Pyotr Symomenko. This anti-left alliance endured until Kuchmagate.

Since Kuchmagate, Ukraine's political landscape has divided into three. Pitted against the oligarchic centrists and executive are the ideologically driven and largely anti-Kuchma/oligarch right and the left. The only bridge between the right and left oppositions and the center is that held out by statist on the center-right. Maintaining this bridge has been the hope of former Prime Minister and Our Ukraine leader Viktor Yushchenko. Some centrist groups have been willing to move in that direction (Agrarians, the NDP and TU), either due to popular bases in the same region of west-central Ukraine (Agrarians are the party of power in west Ukraine) as Our Ukraine, or because they have a common dislike for the SDPUo.

The 2002 elections came as a shock to the authorities. The four main opposition blocs—KPU and SPU on the left and Our Ukraine and the Yulia Tymoshenko bloc on the right—captured nearly 60 percent of the vote on proportional lists, compared to only 18 percent for the pro-Kuchma For a United Ukraine (ZYU) and SDPUo. Kuchma refused to accept these results, which might have meant an opposition-controlled parliament when he steps down as president in 2004.

Through bribery, coercion and intimidation of independents elected in single-member majoritarian districts, ZYU and SDPUo increased their share of parliament to half of the seats (225), and at the end of September announced the creation of a parliamentary majority based on nine factions (the ZYU having disintegrated in May). In May Kuchma successfully pushed Volodymyr Lytvyn through as parliamentary speaker, and replaced him as presidential administration head with the hard man of Ukrainian politics, presidential hopeful and Russian-backed Viktor Medvedchuk, also head of the SDPUo.

### ***Why is Ukraine in political crisis?***

Two factors explain why Ukraine has entered the most severe political crisis in its history. First, as mentioned, Ukraine stands apart among the CIS states with its large pro-Western, reformist constituency. This, represented

by Our Ukraine and the more populist Tymoshenko bloc, has its stronghold in western-central Ukraine.

The KPU is in decline because of generational factors, an improving economy and the existence of a non-communist alternative to the oligarchs (its 120 seats in the 1998-02 parliament were nearly halved in the 2002 elections). The SPU has moved away from the KPU and is in many ways closer to the moderate right, one reason being its stronghold in central Ukraine and another its well-respected leader, Moroz.

Of the four opposition groups only one—the KPU—has any widespread popularity in Russophone eastern-southern Ukraine. This region is the stronghold of the executive and oligarchic centrists (oligarchs as an organized group do not exist in western Ukraine). During the 2002 elections ZYU only won one oblast—Donetsk—one of two traditional bases of the KPU, the other being the Crimea.

Second, the ramifications of the Kuchmagate crisis. The allegations found on the tapes made in the president's office by his security guard are enough to impeach Kuchma many times over, if he was president of a state with the rule of law. In late September the United States suspended aid to Ukraine after accusing Kuchma of sanctioning the sale of military technology to Iraq in contravention of the UN embargo. In the same week the European Court of Human Rights opened a case against Ukraine (and, in effect, against Kuchma) over his involvement in the murder of opposition journalist Georgy Gongadze.

**The Kuchmagate crisis later in the year has since isolated both the party of power and executive.**

Domestic pressure against Kuchma, which culminated in a 50,000-strong popular demonstration on September 16, is now being backed by international pressure that could isolate the country. Washington has said openly that it can no longer work with Kuchma.

Kuchma is in a corner. He and Medvedchuk have hobbled together an unstable "parliamentary majority" and still

control the government. No candidate from the executive or oligarchs is anywhere near as popular as Our Ukraine leader Yushchenko, who has remained Ukraine's most favored since 2000—a cause of some concern to Kuchma as he looks forward to his retirement in 2004. A Russian-style planned succession, in which Kuchma would nominate his successor, is out of the question. A pro-presidential parliamentary majority has burnt Kuchma's last bridge to the opposition, pushing Our Ukraine into the radical camp.

There are grounds for arguing that any immunity deal struck with Kuchma will not be worth the paper it is written on. On the domestic front, the 2006 elections are likely to be fully proportional, something that would work against non-ideologically driven centrist oligarchs. An opposition-dominated parliament would refuse to abide by any immunity. One can, furthermore, expect international pressure to hold Kuchma accountable for his actions.

*Dr. Taras Kuzio is a resident fellow at the Centre Russian & East European Studies and an adjunct professor at the University of Toronto.*

## **RUSSIA'S GENERATION XXI: PRAGMATISM, RADICALISM AND... ANTIGLOBALISM?**

*By Aleksander Buzgalin*

The first years of the twenty-first century have brought Russia the hope of economic stabilization ... and the threat of a further deepening of society's internal contradictions. They have brought the hope of overcoming institutional chaos and the threat of authoritarianism ... and seen the restoration of an all-powerful bureaucracy. The generation of 16- to 20-year-olds that has grown up in the new conditions—during Russian capitalism's raw, "Jurassic Park" phase of development—is reacting to these opposing currents in several very different ways.

There are three dominant tendencies: adaptation to the system, a supremacist-Stalinist opposition and a Russophile opposition.

**There are three dominant tendencies: adaptation to the system, a supremacist-Stalinist opposition and a Russophile opposition.**

If we are to understand the main trends of adaptation and reactionary opposition, then we must take at least a brief look at the socioeconomic elements of the lives of the younger generation—and first and foremost at the huge social differences between the young themselves. Russia has seen the creation of two polar groups: a ghetto of marginalized, impoverished youth groups, and a small, exclusive stratum of young people from the families of the new oligarchic nomenklatura (a category that includes close-knit circles of "new Russians," high-level federal and

regional bureaucrats, and organized and semi-legal criminal groups).

The first group—the poorest—has two subgroups. First are the vast numbers of homeless adolescents, street urchins, teenagers from underprivileged families (whose parents may be vagrants or alcoholics). Second is a wider circle of young people who are unemployed or work in the lowest income bracket, getting by on around US\$30-50 per month. This figure is typical for many agricultural and stagnating industrial enterprises, as well as for educational or cultural establishments. The wages of newly recruited staff in libraries, kindergartens and schools in remoter parts of Russia are also at this level. All in all, this stratum accounts for as many as one-quarter of all young Russians.

A large number of young people, however, belong to another group altogether, one that is relatively comfortably off by Russian standards, earning more than US\$2 per day. They do nevertheless remain under the constant threat of unemployment (which is running at a real level of over 10 percent for the young), a sharp drop in earnings or nonpayment of wages, and much more. Overall, this group has almost no access to any "elite" higher education (in law, economics and so on), or to a modern

youth lifestyle (most have no access to computers and the Internet) and the other advantages of the “civilized” world. It is effectively impossible for young families from this environment to buy a new apartment, as long-term credit is also beyond the reach of young families in Russia. This stratum is developing a lifestyle of its own, far removed from the images of youth subculture seen on television.

At the same time, during the last decade Russia has seen the formation of a relatively narrow tier of highly Westernized and fairly well-off young people, concentrated predominantly in Moscow and the major cities, whose earnings (given the purchasing power of the dollar in Russia) are approaching those of the lower tier of the middle classes in developed countries. This stratum consists of the offspring of relatively affluent families, together with young professionals such as computer programmers, the staff of joint venture companies and finance houses, and also successful managers, lawyers, security personnel, fashion models and high-class prostitutes.

Finally, as already observed, there is that small and exclusive tier of the children of the new nomenklatura—the heads of the state apparatus, including that of the regions, and the richest segment of the population, who together form a particular and exclusive layer of society. They lead a totally different sort of life, spent either overseas or behind the walls of their heavily guarded elite homes, schools and clubs, amongst which they shuttle back and forth, surrounded by bodyguards, in armored automobiles.

But there is no straightforward link between the social and political beliefs members of the younger generation hold and their social status. While some clearly defined and stable tendencies are evident, the overwhelming majority of young people are—as ever—completely apolitical. The youth organizations of most of the leading parties number only a few thousand members. Something of an exception are the youth sections of

the Communist Party (KPRF), on the one hand, and the outfits attached to the party of power (United Russia) on the other, whose sights are set on the many benefits arising from proximity to presidential structures. These structures hold out the promise not only of occasional hand-outs, but also of enhanced career and business prospects, and opportunities either to train at the most prestigious institutions, or to secure jobs in the state apparatus on completion of higher education.

Nevertheless, the social values and political ideologies of young people are very much in evidence. One clear and widely observed phenomenon is the prevailing bourgeois (or petit-bourgeois) pragmatism of almost every member of the “upper” and “upper middle” strata of the

younger generation. This is not, however, the naive, pro-market pragmatism seen in the early years of the reforms, when most young people had distorted ideas about capitalism as a state of universal well-being, in which anyone with

**...no straightforward link  
between the social and  
political beliefs and social  
status...**

talent could easily become a millionaire or a highly paid professional. Nowadays, a significant section of the younger generation (especially in the smaller towns) has come to understand that the market and capitalism also bring social polarization (amongst the young, too), unemployment, arbitrary criminality, drug abuse and so on. The elements of this pragmatism do include (for some of the upper middle layer) some purely professional criteria, such as expertise, prestige and career factors, but the dominant attitude remains what George Soros defined as market fundamentalism.

Ideological and social values associated with consumption, careers and an increase in wealth (money) also predominate among the majority found in the middle tiers. However, here significant differences can already be seen: Top priority is given not so much to accumulating wealth as to securing a stable family life.

#### ***A shift in outlook***

Lately, a definite shift in the outlook of most young people has been clearly evident. My colleagues and I

are in constant contact both with the various layers of the student population (ranging from the elite economics faculty at Moscow State University [MGU] to the ordinary colleges of higher education in the suburbs, such as teaching and agricultural colleges and polytechnics), and with young working people.

First, at practically all levels (except the topmost), a substantial decline in “market optimism” has become apparent. When the reform process first began, the overwhelming majority thought that young people, if any one, were sure to benefit from the reforms. But in recent years even MGU students (about one-third of them, by my calculations) are not convinced that they will be able to find a well-paid and prestigious job and improve their quality of life (relative to today’s “family level”).

Second, as widely observed by experts across the board, young people are feeling disillusioned with Western bourgeois values (economic, political and cultural). Concrete figures for this are not available to the author (or rather, there are none to be had), but the vigorous redirection of government propaganda, of the president’s own rhetoric and of the ideological commitments of most political parties in this direction is a clear sign of the times, and may be regarded not only as an order from above but also as an attempt to deal with demands coming from below.

Here, however, a great spread of opinions and positions is apparent. The most affluent groups of young people tend to espouse a moderate liberal or even social-democratic patriotism, combined with a persistent admiration for Western standards: Your typical MGU student wants things to be as they are in the United States (the “liberals”) or Sweden (the “social-democrats,” of which, incidentally, there are ever-increasing student numbers), but with their own distinctive Russian flavor.

The middle and lower tiers have completely different tendencies. There is a growing practical discontent with the capitalist market reforms, and with the visible de-

cline of Russia compared with the Soviet Union—a decline conceived in the stark geopolitical terms so fashionable in today’s Russia, even among the young. Also lamented is the absence of the great and genuinely heroic ideals that are so important to the young. All this is bound to give rise to a climate of protest in the socially depressed yet potentially active milieu inhabited by young workers, “ordinary” students, pupils and the unemployed.

Extreme manifestations of this spontaneously growing mood of protest have been witnessed in localized actions by nationalists, neo-fascists and skinheads (from beating up members of ethnic minorities to planting bombs fixed to placards bearing provocative anti-Semitic slogans), and in large-scale riots by football fans (the worst being in Moscow on the day the Russian World Cup soccer team lost to Japan, when hooligans killed one person and wounded several dozen more).

Another quest for alternatives has led to an idealization of the Soviet past, which in the early days of Yeltsin’s government was censured

and vilified in such a low, venomous and vulgar way that a countermovement was inevitable. Compared with today’s hardships, many of the Soviet Union’s problems seem trivial to young people who are socially deprived and/or sensitive to the need for social justice. By contrast, the Soviet Union’s triumphs and achievements (the qualitative leap forward in education, science and geopolitical prestige) look more than impressive.

This trend is still not very marked, but it cannot be ignored that the number of young members of the KPRF has been growing steadily in recent years (party leaders claim a rise of up to 10 percent a year). It is also highly symptomatic that, out of a group of almost 100 well-qualified young Communists (all with a university education and aged between 22 and 28), to whom I happened to deliver some lectures, over three quarters assessed the achievements of the Soviet Union and especially of Stalin himself in a most positive light. Thus

**There is a growing practical discontent with the visible decline of Russia compared with the Soviet Union.**

prospects for the evolution of communists into social democrats, as has occurred in most of East and Central Europe, do not look particularly bright.

One interesting recent development is the emergence of an “antiglobalist” movement in Russia. This is still very limited, but it has been growing rapidly over the last year and is attracting increasing attention. The movement is part of a search for a new approach to politics, one that is democratic, internationalist and left-of-center. The “antiglobalist” movement is composed primarily of energetic and professionally established young people with a strong sense of social responsibility. For all their diversity and the contradictions within this formative movement, it has already attracted media interest, with several features on national television channels, dozens of radio reports—particularly frequently on the emphatically democratic Ekho Moskv station—and magazine and newspaper articles. Significantly, the interest has been not so much in demonstrations and clashes. Russia’s antiglobalists do not go in for destruction and violence, though they have themselves been beaten up and arrested. Rather they devote their energies to constructive, socially creative public relations actions, and even research activities across a broad front—from the social forum “Siberia is not a commodity” (Barnaul, February 2002), to the international conference “Alternatives to Globalization” (Moscow, June 2002, attended by more than 450 delegates from twelve

countries and forty-seven Russian regions). Interesting though it is, this tendency is still relatively weak, and not representative of the overall outlook and expectations of Russian youth.

Overall, in spite of the existence of several alternatives (such as the antiglobalists and other members of the democratic Left), it should be recognized that future political and socio-ideological developments among Russia’s youth (and, incidentally, across the whole of society) are likely to follow other trajectories, predominantly those that cover a broad patriotic spectrum ranging from moderate statism to neo-Stalinism, with a continuing threat of far-right, semi-spontaneous riots. I must emphasize that the two latter tendencies are being directly accelerated by the social policy of the president and his government, as they press on with more radical capitalist reforms. These range from the already adopted Labor Code, which clears the way for the exploitation of young workers in the spirit of the nineteenth century, to the market-based reform of communal services and the voucherization of education. And if society and the authorities in our country do not call a halt to this, the further radicalization of the younger generation is inevitable.

*Aleksandr Buzgalin is a doctor of economics and a professor at Moscow State University. He is a leader of Russia’s Democratic Socialist Movement.*