

EIR Strategic Studies

Russian ‘democrats’ recruited to Conservative Revolution

by Roman Bessonov

Part 2 of a series on “The Anti-Utopia in Power.”

“How easily the party bureaucracy has betrayed us to the capital . . . that emerged from the ‘shadow economy,’ primarily from the distribution sector. That is where the thieves’ capital had been accumulating, to make its demand for the ‘free market’!”

This precise description of what happened in the Soviet Union in the mid-1980s came from neither a politician nor a Sovietologist. It appeared in a letter to the editor from a worker in Ryazan, published in summer 1992 in the newspaper *Den*. Filmmaker Stanislav Govorukhin later labelled that process “The Great Criminal Revolution.” The new, flourishing criminal sector of the economy stemmed from the middle link of the Soviet economy’s centralized distribution system, which had been colonized for purposes of illegal profiteering since the early 1960s, by Russian organized crime kingpins, who were freed from the Gulag¹ along with political prisoners. On balance, the Khrushchov-era thaw favored the wheeler-dealers of the shadow economy, even more than it did the modernist painters and writers.

These two layers, together with the “grandsons” generation of the Soviet elite,² were what the “democracy” promoters of the Thatcher-Bush period had to work with, when they

descended on Russia during the break-up of the Soviet Union. Organizations such as the Mont Pelerin Society’s London-based Institute for Economic Affairs and the U.S. National Endowment for Democracy’s International Republican Institute (IRI), sought recruits who would readily assimilate the construct, that the test for “democracy” is adherence to the doctrines of economic deregulation and free trade.

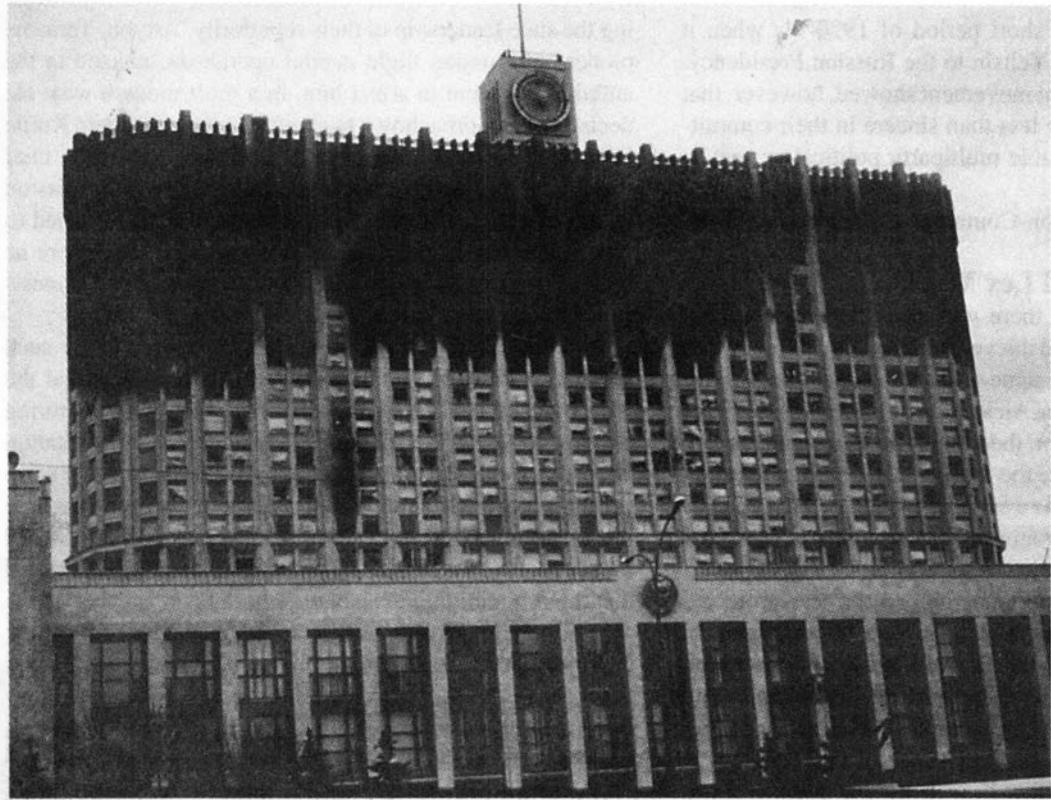
The relevant selection techniques had already been practiced for many years. The Thatcherites of the IRI and kindred organizations were able to build on a recruitment effort within the Soviet elite, launched by the Anglo-American establishment long before the dissidents were set free.

Conversion of the Marxists

Such institutions of the “world nomenklatura” as the International Institute for Applied Systems Analysis (IIASA), near Vienna, and the Club of Rome were outposts of a decades-long operation to convert members of the Soviet scientific community and propaganda apparatus to globalist Malthusian views. They interacted with an older generation of the Soviet nomenklatura, including “nobility” such as Aleksei Kosygin’s son-in-law Dzherman Gvishiani, *Pravda* editor Ivan Frolov, and top journalists such as Otto Latsis, Vladlen Karpinsky, and Yegor Yakovlev. The latter regarded themselves as *shestidesyatniki*, men of the 1960s, or as “children of the Twentieth Party Congress,” the meeting in 1956 where Nikita Khrushchov began destalinization. The post-Twentieth Congress thaw was positive for the liberation of the mind, but it coincided with the consumerist shift in official Soviet ideology (“goulash communism”), and when the thaw-makers were allowed to take over the country’s

1. Soviet prison camps in the Stalin period came under the *Glavnoye upravleniye lagerei* (Main Directorate of Camps), hence the abbreviation *Gulag*, made famous to the world by Aleksandr Solzhenitsyn in his *Arkhipelag Gulag* (*The Gulag Archipelago*, Harper & Row, 1974).

2. R. Bessonov, “The IRI’s Friends in Russia: The Anti-Utopia in Power,” *EIR*, Sept. 6, 1996 (part 1 of this series) introduced the “grandsons.”



The Russian Parliament in October 1993, after Boris Yeltsin's shelling of it. A new "democratic" elite came to power after the showdown, with the backing of foreign interests. But their former colleagues, the former prisoners of conscience of the Soviet regime, were left searching in the hospitals, trying to estimate the real number of victims of Yeltsin's massacre.

strategy during the Gorbachov period, the outcome was well expressed in the last title in Progress Publishers' perestroika series—*Sinking in the Quagmire*. Recently, Latsis admitted in one of his *Izvestia* columns, that for these "children," the least important question was statehood, the identity and survival of the nation.

In 1989, Otto Latsis and Yegor Gaidar celebrated a victory at the editorial board of *Kommunist* magazine, the theoretical organ of the Communist Party of the Soviet Union. They managed to oust Academician Aleksei Sergeyev, who advocated imitation of the German economic recovery in the 1950s, as the basis for economic reform in the Soviet Union. Thus the ideas of dirigist economic development were amputated from economic science during perestroika. Instead, *Kommunist* began to promote projects for "regional sustainable economies," starting with a regionalization project in Estonia. A second line of research was to review agricultural policy in the Soviet period, under the pretext of criticizing Stalin's collectivization policy; in this context, Latsis tried to prove the necessity of a free market in real estate.

At nearly the same time, another highly convertible Communist Party leader, political economy teacher Gavriil Popov, became the editor of the monthly *Voprosy Ekonomiki* (*Questions of Economics*), published by the Soviet Academy of Sciences. This journal quickly passed from "studying economic alternatives," to open promotion of Friedrich von Hayek's ideas, recommending the latter as "necessary educa-

tional material," as Lenin's or Stalin's teachings had been in years past.

Von Hayek's writings were published in Leningrad in 1989, in a paper called *Literator*, issued by the "democratic" wing of the local Writers' Union. *Literator* was also the tribune for Prof. Vadim Chubinsky, deputy director of the Leningrad Higher [Communist] Party School, who repented of his creed but saved his chair, as head of the renamed Academy of Administration.

Other high-positioned Marxist scholars who were to become part of the new "democratic" establishment rose due to their organizational, rather than intellectual, leadership. Within the Communist Party of the Soviet Union, there was the so-called Democratic Platform of the CPSU, out of which Moscow Higher Party School head Vyacheslav Shostakovsky split the new Republican Party in 1990. The new "party builders" confessed that they plagiarized the name from the U.S. Republican Party ("we could have taken another name, but the Democratic Party of Russia already exists," one party activist told me).

Gavriil Popov was incorporated into the leadership of the Movement for Democratic Reforms, which CPSU Politburo member Aleksandr N. Yakovlev planned to establish as the new ruling party. This project was still-born, when the same Popov, together with another ex-professor of scientific Marxism-Leninism, Gennadi Burbulis, founded a new entity called the Democratic Russia movement. This mass organization

was really strong in the short period of 1990-91, when it helped to promote Boris Yeltsin to the Russian Presidency. The subsequent fate of that movement showed, however, that Burbulis and Popov were less than sincere in their commitment to building a workable multiparty political system in Russia.

But, what about the non-Communist “democrats”?

Ivan Denisovich and Lev Markovich

From the beginning, there was something in common among the highly qualified thieves, sorted out by the selection process in the Gulag, and some of the so-called “progressive creative intelligentsia.” In Aleksandr Solzhenitsyn’s *A Day in the Life Ivan Denisovich*, the famous novella on the prison camps published in 1962, the worker-convict Ivan Denisovich is portrayed alongside a specific type of privileged convict, representing the “progressive intelligentsia,” but well adapted to the criminal milieu as well. This “Lev Markovich” neither organized resistance, nor helped the less-protected prisoners to survive in the camp; he just made others respect him as somewhat special, and enjoyed this difference which placed him above the others. Such persons were commonly labelled as *blatnoy*, i.e., included on a special list (from the German-Yiddish word *Blatt*).

Real “Ivan Denisoviches,” such as the poets Varlam Shalamov and Boris Chichibabin, never made political fortunes from the tragic period of their life, rejecting advice from their friends and from journalists, both domestic and Western, to do so. Many of those who were called dissidents did not even like to speak of their time in the camps.

But the “Lev Markoviches” realized that the West was ready to favor them, and provide them with privileges sometimes greater than what a party official could achieve in the Soviet Union. By the late 1970s, the term “dissident career” already existed. The mid-1980s gave rise to a new one, the “economic dissident career.”

The relaxation of business and trade regulations under perestroika, allowing the creation of cooperatives, was followed by quasi-official privileges for swindlers and speculators from the so-called “workshop” industries; a growing segment of the economy was positioned to evade taxes and regulations, and to absorb an ever greater amount of illegal cash. Under Gorbachov, criminal penalties for financial crimes became much milder, to the benefit of the unofficial elite not only in industry, but in the armed forces and in culture. Military industry directors, generals, and privileged members of the “creative intelligentsia,” involved in the Afghanistan War and its propaganda apparatus—all these types made illegal fortunes from the arms, narcotics, and other types of illegal trade.

The buildup of this shadow economy began earlier, but in the late 1980s the thieves could exact the same respect from society, and influence, as the “prisoners of conscience.” And the “economic dissidents” began to show their teeth, remind-

ing the state leadership of their superiority. Artyom Tarasov, pioneer of Russian flight capital operations, reacted to the authorities’ intent to arrest him, in a most modern way: He declared that Gorbachov was about to sell the southern Kurile Islands to Japan. In other words, “You are no less a thief than I am!” (Tarasov may really have been in possession of information dangerous to Gorbachov, for he managed to emigrate safely and take up residence in London, where he founded a special PR firm catering to “progressive businessmen” who have problems with the law.)

“Economic dissidents” were eagerly promoted by such heralds of the new thinking as *Ogonyok* magazine and the *Moscow News*. The only detail absent from their admiring articles about former junior scientists, such as Konstantin Borovoy, and Komsomol (Young Communist League) functionaries like Konstantin Zatulin and Valery Pisigin, was how these gentlemen had made their first fortunes. In 1992, one of the founders of the Moscow Commodities Exchange revealed that the future billionaires, being informed in advance of the impending decontrol of prices, were able to make huge bulk purchases of goods at state-regulated prices and then market them for profit after prices were “liberated.” People understood that the barrier between criminality and state policy had been broken.

After the coup attempt and demise of the Soviet Union in August 1991, the moral orientation of “Enrich yourself!” adopted by Gorbachov and fostered by his and Yeltsin’s Western advisers, eclipsed any loyalty to “democratic” ideals as such, among Russian reformers. Old Moscow streets, triumphantly renamed for century-old real estate owners instead of famous Russian or Soviet actors and writers, did not become more beautiful with the addition of McDonald’s or billboards for Pepsi. New Russian films romanticized criminality: A sentimental TV series, based on the true story of a female lawyer helping her criminal lover escape from Kresty jail in St. Petersburg, was followed by a new screen version of Isaac Babel’s Odessa stories, in which a gangster family appears as the harmless victims of Soviet commissars. The new Russian elite, speaking a mixture of criminal slang and broken English, dictated its manners and customs to the whole society.

Two years before the world was horrified by the style and slogans of Vladimir Zhirinovsky in 1993, the president of the Russian Raw Materials Exchange, Konstantin Borovoy, formed his Party of Economic Freedom, in which at least five top figures were criminals. One of them, a certain Rosenblum, never suffered from “misunderstanding” of the new economic methods: He had twice been in prison . . . for rape.

Top criminals became respected citizens. Members of the “progressive intelligentsia” deposited their money in the criminal Chara Bank, or at least that was fashionable until its director was murdered. People’s Artist Iosif Kobzon, a frequent guest in Afghanistan, Cuba, and with the Western Group of the Soviet Armed Forces (in East Germany), orga-

The Krieble Institute

Not the highest-profile organization in Washington, the Krieble Institute nestles in the web of think-tanks and foundations that promote the “neo-conservatism” of the Conservative Revolution—both at home and, presenting their ideology as the true coin of American “democracy,” all over the world. The Russian nationalist press could as easily have selected the Cato Institute or the Heritage Foundation as the subject of exposés about the foreign indoctrination of Russia’s new elite; both those institutions are active in Moscow.

On the official and quasi-governmental side, the International Republican Institute and the Center for International Enterprise, operating under the National Endowment for Democracy, sell the same snake oil. The cover story of this issue of *EIR* provides a sample. Our *Special Report*, “Phil Gramm’s ‘Conservative Revolution in America,’ ” in *EIR* of Feb. 17, 1995 mapped the interlocking directorates of the Conservative Revolution’s agencies in the United States.

By the high stature both of its featured speakers at Moscow seminars and of the Russians who were hearing them, the Krieble Institute set the pace for Conservative Revolution recruitment there at the start of the 1990s.

Officially, Dr. Robert Krieble’s organization is The Krieble Institute of the Free Congress Foundation, one of

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the charter “neo-con” projects. Conservative Revolution guru Paul Weyrich established the Free Congress Research and Education Foundation in 1977, in the same era that saw the Heritage Foundation (1973) and the Cato Institute (1973) come on the scene. The chairman of the FCREF board today is Jeffery H. Coors, of the Coors beer family, whose patriarch, Joseph Coors, funded Heritage from the outset, and later found himself testifying before Congress on his personal purchase of an aircraft for the George Bush/Oliver North illegal Contra resupply operation in the 1980s.

In publicity material, Bob Krieble congratulates himself on his sub-sector’s special “mission to help equip those individuals in the former Soviet Union, who seek to understand the principles of Democracy and democratic capitalism, with the tools necessary to further their countries along on the road to freedom.” He speaks with pride of “our Field Representative force . . . established throughout the Former Soviet Union.”

Dr. Krieble, meanwhile, sits on the board of the Mont Pelerin Society (see “Mont Pelerin Pushes the Criminal Economy,” with part 1 of this series, *EIR*, Sept. 6, 1996) and is a trustee of the Heritage Foundation. According to Federal Election Commission records, Krieble has been one of the top ten individual contributors to the Congressional campaigns of Newt Gingrich (1992 and 1994) and to Gingrich’s GOPAC (since 1985). Leading GOPAC personnel cut their political teeth working on special projects at the FCREF, and Gingrich, himself, cites Paul Weyrich as one of the inspirations of his life.—*Rachel Douglas*

nized a campaign in favor of top Russian “thieves-in-law”³ Kalina and Yaponchik, with assistance from Otari Kvantrishvili, the quasi-official mafia controller of Russian sports and charitable foundations. When pseudo-general Dmitri Yakubovsky had already been arrested for smuggling antiques, all Russia saw a three-part cinema serial glorifying him.

The new authorities had scant use for the genuine political dissidents of the Soviet period. Only a small group of them was invited to the “democratic feast,” those most valued for their famous names: Yelena Bonner, the widow of Academician Andrei Sakharov; his political associate Sergei Kovalyov; the priest Gleb Yakunin; and a few others. Yakunin’s career in the Christian-Democratic movement, incidentally, was made at the expense of its founder, Aleksandr Ogorodnikov. Unlike Yakunin, Ogorodnikov was never admitted to the “democratic” establishment, but Yakunin’s luck was not

just the result of rivalry. Yakunin had the support of Yeltsin’s aide, State Secretary Gennadi Burbulis. For Ogorodnikov, this would have been impossible: He’ll probably never forget that he was expelled from the university and later arrested, thanks to a report written by his teacher of scientific communism: Burbulis.

In the autumn of 1993, Yakunin, together with Bonner and Kovalyov, backed President Yeltsin in his dissolution of the Supreme Soviet by force.

By that time, not only the majority of “Ivan Denisoviches,” but also a lot of Russian emigrés, were deeply disappointed in the new “democratic” elite. While Kovalyov placed himself among the winners in October 1993, attending the founding congress of Yegor Gaidar’s Russia’s Choice party, the former prisoners of conscience who had been his colleagues in the Memorial movement were searching in the hospitals, trying to estimate the real number of victims from Yeltsin’s shelling of the Parliament building. *Nezavisimaya Gazeta* published a protest against the Moscow massacre, signed by socialist Kopelev, monarchist Maksimov, and liberal Sinyavsky—all

3. *Vory v zakone* (“thieves-in-law”): Russian prison slang for a criminal kingpin of especially high standing, adhering to an elaborate code of behavior.



Among the key Western controllers of the Russian Conservative Revolution "democrats" are financier George Soros (left), and neo-conservative guru Dr. Paul Weyrich (right).



well-known emigré dissidents. The Moscow organization of Memorial, regarded as the conscience of the democratic movement, left Democratic Russia already in early November 1991, but the leading "human rights" figures took little notice. They had chosen other allies, such as the above-mentioned Konstantin Borovoy and the Artyom Tarasov, and were deaf (if not aggressive) to their former prison mates.

In his turn, Gennadi Burbulis was also selected from among thousands of other Marxist teachers. The *Blatt* for him, as well as for some other "highly convertible" scholars, was created by the Western "true friends of Russian democracy," who did not really care whom they were dealing with—a prisoner of conscience, or one of the guards.

There were only four Russian politicians invited to a joint conference of the Liberal and Conservative Internationals in Petersburg, in summer 1993: Gennadi Burbulis, Gleb Yankunin, Konstantin Borovoy, and the economist Grigori Yavlinsky. They were considered to be the most devoted advocates of the free market.

The puppet masters

In late 1992, three Russian opposition papers published a series of exposés on who was calling the tune for the major figures in Russia's "democratic" establishment. It was a case study, revealing the mechanism of the high-level manipulation of the Russian scene, by the "friends of democracy."

Levaya Gazeta headlined an extract from one of the advertisements of the Free Congress Foundation's Krieble Insti-

tute, "Dr. Krieble and His Field Commanders." The largest photograph, reprinted from the Krieble Institute's ad, portrayed Gennadi Burbulis, Mikhail Poltoranin, and Arkadi Murashov.

According to the document, the main coordinator of training and strategic planning at the Krieble Institute was not its director Robert Krieble, but Dr. Paul Weyrich, appointed president of the institution in 1989 (see box). Foreign activities were overseen by Vice President John Exnicios. Lectures for Russian politicians were delivered by some of the top exponents of the "Conservative Revolution" in the United States, the so-called neo-conservatives: Supreme Court Justice Antonin Scalia, William Kristol, Michael Novak, William Bennett, and others.⁴

4. Lyndon H. LaRouche, Jr., "U.S. Law: Neither Truth Nor Justice," *EIR*, Aug. 23, 1996, discusses the resurgence of British and Confederate standards of law in the United States, as typified by Associate Justice Antonin Scalia on the Rehnquist Supreme Court. William Kristol, editor of Rupert Murdoch's *Weekly Standard*, is the son of "the godfather of the neo-cons," Irving Kristol; see Harley Schlanger, "Commentary Magazine: Shock Troops for World Government," *EIR*, April 26, 1996, for a review of the senior Kristol's career and his promotion of the Anglo-American special relationship and the ideas of Adam Smith. William Bennett, secretary of education under President Reagan, positioned himself as an ideological mentor to Newt Gingrich's 1994 cohort of neo-con congressmen, working through his Empower America group, which collaborates closely with the Heritage Foundation. On the neo-conservative economist Michael Novak, see Carlos Cota Meza, "From Mandeville to the Mont Pelerin Society: The Satanic 'Doctor' Novak," *EIR* Feb. 9, 1996; William F. Wertz, Jr., "Seeking to Serve Two Masters," a

In Russia, the institute's activities were run by Aleksandr Urmanov, mathematician, head of the Ural department of the Sodruzhestvo (Commonwealth) Charity Foundation, Mikhail Reznikov, physicist, senior fellow at the Moscow Physical-Technology Institute (MFTI); Igor Veryutin, a software specialist from the Defense Ministry (!); Sergey Tsodikov, junior fellow at the Irkutsk Institute of Public Economy, majoring in cybernetics; and Oleg Popov, historian from Tomsk University in western Siberia, head of the local organization of Russia's Republican Party.

In the ad, Urmanov was referred to as the institute's representative in central Russia, also responsible for Yeltsin's 1990 Supreme Soviet election campaign in Yekaterinburg, where Urmanov and Yeltsin are both from. Reznikov represented Krieble in Moscow, where he oversaw the election campaigns of Arkadi Murashov and the notorious Artyom Tarasov (see above) for the U.S.S.R. Supreme Soviet (1989), and promoted over 100 candidates from the Democratic Russia movement, running for the local Soviets. Igor Veryutin was responsible for the Far East, Sergey Tsodikov for central Siberia, and Oleg Popov for western Siberia.

In other publications, the names of Yelena Bonner and Gavril Popov were also mentioned as Krieble Institute clients, Moscow Mayor Popov being featured in a photo beside Robert Krieble at the opening of the "Russia House" in Washington in September 1991. The exposés also cited Arkadi Murashov's invitation to the United States in early 1991, as the guest of the Rev. Sun Myung Moon's Unification Church, whose money was spread liberally around American neo-conservative circles.

The Russian liberal press responded to these exposés with some fury. Even Presidential press secretary Vyacheslav Kosikov spoke up, accusing the publications of "insulting Russia, the people, and the President." *Sovetskaya Rossiya*'s article on Krieble, headlined "Agents of Influence," was labelled by other papers as a "relapse to KGB thinking" But the liberal press could not deny the contents of those exposés, nor the fact that Nikolai Engver, one of the legislators who investigated the Krieble Institute's activities, was a former political prisoner. With hypocritical politeness, Otto Latsis interviewed Engver for *Izvestia*, trying to counterpose him to the left-wing legislators and newspapers that had carried the exposé. It didn't work, as the resulting dialogue published in *Izvestia* served as a fine example of a *blatnoy* converted Marxist, trying to teach an Ivan Denisovich "lessons in anti-communism," and receiving a calm reproof of human dignity.

The next *blatnoy* tactic was counter-exposé. Ex-KGB officer Oleg Kalugin, now in the "democratic" camp, claimed in a lawsuit that another author of the publications on Krieble, parliamentarian Sergei Baburin, had himself been a KGB agent. Baburin won in court.

review of Novak's *The Catholic Ethic and the Spirit of Capitalism*, in *Fidelio*, Summer 1996.

The property temptation

Prof. Yuri Afanasyev, the most popular figure at Moscow democratic rallies in 1989-90, was widely quoted saying: "I don't know what privatization is. But I know that we have to do it!"

Such a superficial carelessness was typical for the Russian democratic milieu at that time. In the street-popular propaganda, the early democratic activists promised Russians a fairer distribution of property which, as they sincerely thought, their idols were going to introduce. But, pouring their naive enthusiasm into campaigns to support Boris Yeltsin and new-fashioned local leaders like Gavriil Popov and Anatoli Sobchak (the first "democratic" mayors of Moscow and St. Petersburg), they were unaware of tricks being played, with them and with the democratic movement.

Activists for human rights and "democracy," convinced by the Soviet experience that Marxist economic theories were pernicious, but unschooled in any alternative, eagerly imbibed the radical British neo-liberalism, imported by such institutions as Krieble. And if members of the thaw generation or the Gulag veterans were too soft to promote shock therapy reforms, there were always the nomenklatura "grandchildren," with their special gift of cynicism and their years of studying von Hayek on the sly. Putting the theories of self-enrichment into practice, certain idols of democracy quickly moved from the leadership positions they had won in the "new, democratic Soviets," over to the Executive branch; after the 1991 watershed, they had little use for those elected Soviets. Members of the Legislative branch, as it developed, tended to want to intervene into property relations, which were becoming a real Klondike for the new administration in the period of *razgosudarstvleniye*, the conversion of state property into private fortunes.

The Bush-Thatcher people who advised these new Russian pragmatists, knew very well what privatization is (not to mention George Soros, who got his earlier experience in this area as a teenager, in Nazi-occupied Hungary). They also knew how to profile which people to select as close collaborators.

One former member of the Supreme Soviet, a prominent democrat who sincerely became a radical nationalist, told me of his experience on a 1989 visit to the United States, hosted by one of the many pro-"reform" organizations in Washington. "We were fed from morning till night. . . . We were shown the great advantages of consumerism. And they saw who was the first to run shopping, whose eyes were glistening most of all, who wanted to serve these guys, whatever they said. . . . They easily sorted out what they needed—the worst of us. Actually, it was a big temptation."

Naturally, the most favored guests on such junkets abroad were members of the U.S.S.R. Supreme Soviet's Interregional Group of deputies, into which the most radical reformers were collected. Academician Sakharov, agonizing over the fate of Russia and already suffering from the heart ailment

that was to kill him in late 1989, was its figurehead, exploited as a photographic prop, next to which the future “primary privatizers” could pose for their election posters. The more often certain members of the Interregional Group visited the United States, the more they were promoted by *Ogonyok* and other liberal media. Popov, Sergei Stankevich, Ilya Zaslavsky were praised as if they were great scientists or writers.

At the same time, members of the Interregional Group who did not satisfy the criteria of “radical liberalism” were slandered, accused of being reactionaries, and finally pushed into political opposition. When economist Tatyana Koryagina, for example, criticized the 500 Days Plan for a crash transition to a “free market,” one of its radical liberal co-authors, World Bank-trained Boris Fyodorov, declared Koryagina to be mentally ill.

In 1990, Interregional Group members denounced the “administrative-command system” of the totalitarian Soviet economy. But as soon as Gavril Popov was elected mayor of Moscow, he reversed his line and advocated precisely that: a strong Executive branch which could avoid existing laws (those being imperfect, as yet), and “strict administrative force” against those who might resist it!

The ideological shift by Popov et al. coincided with the “revolution in property relations” implemented in Moscow. The playground was the Oktyabrsky district of the city, where radical liberal Ilya Zaslavsky was the representative to the national parliament, as well as a member of the district leadership. Inhabitants of saleable houses there were informed that they had to leave their flats, since the apartment buildings had been sold. These people appealed to their newly elected councilmen, but discovered that the district council was a fiction; all the property relations were under the control of a group of Executive branch functionaries appointed by Zaslavsky, who also registered several monopolist real estate companies, headed by the same officials. After a group of legislators went on a hunger strike to demand Zaslavsky’s resignation, Popov appointed him his chief adviser; later, Zaslavsky became a department head at Yegor Gaidar’s Institute for the Economy in Transition.

Popov’s “strong rule” was marked by a crisis of industry and, especially, construction. Nothing was built in Russia’s capital city, where the immense real estate holdings were in a permanent state of privatizing and re-privatizing; foreign companies of ill repute would be searching for choice properties, and new “democratic” officials signing contracts with several of them for the same object. Foreign journalists complained that Popov gave interviews only for a substantial fee, paid in U.S. dollars. Soon, *Kommersant Daily* published his name among the “ten richest citizens of Moscow,” and his photograph, in which Popov was sitting at a table with a glass of wine, looking very proud and not very sober. This “democratic” Mayor Popov publicly suggested that bribes to Executive state officials should be legalized.

The naive “street democrats,” who had formed the major-

ity in the Moscow district Soviets and the City Council, struggled desperately against the real estate violence of this new “democratic” nomenklatura. After Yeltsin resolved his showdown with the national Parliament by force in October 1993, they were mercilessly removed from the political scene by Presidential decree. Yeltsin declared all the Soviets to be vestiges of the communist system. A great part of Yeltsin’s own electorate was thereby pushed into the opposition, greatly undermining the popular support for Yeltsin. The Russian President came to depend, more and more, on support from abroad.

The death of the democratic movement

Nineteen ninety-two was the year of rapid degradation of the Russian democratic movement, through a fragmentation process, in which persons who had attended Krieble Institute and other such lecture programs played a catalytic role. One of them was State Secretary Burbulis, in charge, since Yeltsin’s 1991 election victory, of supervising the new reformist political parties.

Burbulis had been a co-founder of the Democratic Party of Russia, in spring 1990. By the summer of that year, Lev Ponomaryov, the closest associate of Burbulis within the DPR, split the party in two, founding the Free Democratic Party. Ponomaryov promptly turned over responsibility for the new party to Marina Salye, a former CPSU committee chief at the Leningrad Mining Institute, and concentrated his own efforts on building up the Democratic Russia movement, out of which the DPR had taken shape, into a “united democratic force,” which was to combine the existing liberal parties, including the Republican Party, the Social-Democratic Party, and the Christian-Democratic Movement.

Within Democratic Russia, Ponomaryov’s measures also caused a split into a “collective party body” (an association of party representatives, each cleared by his party to join it) and a militant “executive” wing, led by self-styled “anti-fascist” Vladimir Bokser. During the last four months of 1991, Democratic Russia suffered three more significant splits, losing the Memorial movement, the Slavophile wing of the Christian-Democratic movement and the Constitutional-Democratic Party (both later merged into the opposition National Salvation Front), and, finally, Yuri Afanasyev’s group. In each case, either Ponomaryov or Burbulis personally was behind the scandals and schisms!

Meanwhile, Arkadi Murashov—another Weyrich-Krieble protégé, and today a close collaborator of the Heritage Foundation’s Moscow office—split the Democratic Party of Russia for the second time, founding the Liberal Union. Several days later, however, Gavril Popov named Murashov head of the Moscow Police Department, and the new party appeared to be still-born. The third split in the DPR was organized in late 1992 by Aleksandr Sungurov, head of its “liberal” wing; he accused DPR leader Nikolay Travkin of being “pro-communist” and “pro-fascist,” and carved off a piece of

the DPR to become the Party of Russia's Progress. Some months later, when now ex-State Secretary Burbulis founded his private Strategy Center, Sungurov was appointed its head in St. Petersburg.

Burbulis was active within the Russian Supreme Soviet, as well as among party leaderships, but also through the Supreme Soviet. Together with Krieble-trained Aleksandr Urmanov, Yeltsin's campaign manager from 1990, he created an organization called RF-Politika, to promote "progressive" candidates to the highest levels of leadership in Russia. One of those was Aleksei Golovkov, who became the head of the government apparatus under Yegor Gaidar. Originally the chief of staff for the Interregional Group, Golovkov was instrumental in bringing radical free market economist Gaidar to Boris Yeltsin as a candidate for prime minister, in the fall of 1991. More recently, in March 1996, it was reportedly Golovkov who introduced radical free market economist Vitali Naishul to Presidential candidate and future Security Council secretary Gen. Aleksandr Lebed.

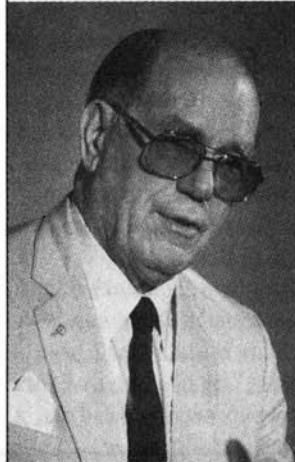
RF-Politika denounced deputies Oleg Lobov and Yuri Skokov, for being opponents of unlimited privatization, and Yuri Petrov, the chief of the President's Administration. It dubbed them holdovers from the old nomenklatura, because they tried to block the immediate complete deregulation of the economy, unlimited trading of land, and so forth. In place of

these people, allegedly tainted as former CPSU apparatchiks, RF-Politika proposed such British- and Mont Pelerin-trained people as ethnographer Galina Starovoitova, radical free trade economist Andrei Illarionov, and Vladimir Varov, a staffer of RF-Politika. They developed an eight-grade scale to measure each deputy's level of devotion to the President; the model of loyalty ("absolutely reliable") was Lev Ponomaryov.

RF-Politika was instrumental in the decisive split of Democratic Russia, when Yuri Afanasyev was manipulated to leave the organization and found a new movement of his own (also still-born, as might be guessed by now). Varov supplied Afanasyev's supporter Marina Salye with an analytical report, denouncing the "new nomenklatura" of the Bokser-Ponomaryov-Zaslavsky wing of Democratic Russia as similar to the old CPSU nomenklatura. While the Moscow leadership was embroiled in quarrels, the regional organizations of Democratic Russia, confused and disappointed, lost most of their members.

In St. Petersburg, the splitting game was played by the same sort of people. The local organization of Democratic Russia was manipulated into a conflict with the newly formed branch of Gaidar's party, by Dmitri Karaulov, the Krieble Institute's representative in the city. Karaulov coordinated his activity with top Republican Party member Pyotr Filippov, an open adulator of Margaret Thatcher and promoter of Anatoli

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Hong Kong	0600*	Tel Aviv	2400
Houston	1600	Tokyo	0700*
Istanbul	2400	Toronto	1700
Jakarta	0500*	Vancouver	1400
Jerusalem	2400	Vladivostok	0800*
Johannesburg	2400	Venice	2300
Karachi	0300*	Warsaw	2300
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Chubais's voucher privatization scheme, who competed with Salye for influence in the Leningrad People's Front (1989-90), then moved to Moscow as a "democratic" Supreme Soviet deputy. Filippov later teamed up with DPR chairman Nikolai Travkin on some commercial projects, discrediting Travkin within the DPR and splitting it for the fourth time, then worked with Russia's Choice, and later surfaced as a key figure in the International Republican Institute's "Civil Initiative" program, spending a lot of budget money for noisy "youth activity" in support of Yeltsin.

Not all the Krieble protégés created political parties. Some preferred to remain in the shadowy role of political ma-

nipulators.

Arkady Murashov, appointed by Popov as Moscow chief of police, became another symbol of disgrace for Muscovites. On one occasion, the "democratic" police chief was found in his car in a Moscow suburb, drunk and without documents. Murashov moved to Gaidar's election staff, and organized two unsuccessful campaigns for him (1993, 1995). Today his activity is concentrated around the so-called Liberal-Conservative Center, occupying a huge office on the New Arbat. The Center, named for Margaret Thatcher when it was founded in 1990, became the Heritage Foundation's base of activities in Moscow. The Moscow branch of Heritage was headed by

Krieble's friends in Yeltsin's service

The two brightest luminaries featured in the infamous Krieble Institute ads in the Russian press in 1992, were President Yeltsin's close associates Gennadi Burbulis and Mikhail Poltoranin. They were major figures in Russian circles of power, from 1991 to 1993: State Secretary Burbulis ran personnel policy, while Poltoranin was in charge of the press.

A member of the "Yekaterinburg clan" in the Russian leadership, hailing from Yeltsin's hometown in the Ural region, Burbulis brought to his task the experience of a teacher of scientific communism, and some of the practices of a CPSU thug. He transformed the former Higher Party Schools into Cadre Centers, which undertook an ideological espionage function, ferreting out implicit disloyalty to the new leadership. Personnel deemed disloyal to "democratic views" were replaced by local activists, who usually had no managerial experience. The "analytical apparatus" at the Centers surreptitiously studied the behavior of trainees and the correlation of forces within local power bodies. The analysts were mostly former junior KGB or Interior Ministry officers, who had lost their jobs due to cutbacks in intelligence agencies, or for some other reason. In one case, the Cadre Center chief had been fired from a police academy for heavy drinking, and he habitually rented out the former CPSU hostel to small companies, using the proceeds for business abroad. Until Burbulis departed from office, there was nothing to be done about this, as the man was rated a "true democrat."

As information minister in 1991-92 and head of the Federal Information Center (created just for him) in 1993, Mikhail Poltoranin, together with state television director Vyacheslav Bragin, an ex-CPSU secretary in Tambov and protégé of both Burbulis and Poltoranin, conducted a non-stop propaganda campaign to denigrate the entire Soviet

period of Russian history and everything connected with it, including the achievements of industry and sometimes even the victory in World War II. At the same time, Bragin allowed the neo-conservative Aleksandr Dugin, the friend of French New Right ideologue Alain de Benoit, to run a TV program promoting Aryan mythology and the theory and history of Nazism.

In December 1993, the state-run Ostankino TV company, under the direction of Poltoranin's FIC, portrayed Liberal Democratic Party leader Vladimir Zhirinovsky, with his expansionist geopolitical tirades, almost every day—as if to make him the sole voice of opposition to Yeltsin. Asked by journalists about the preferential treatment of Zhirinovsky, Poltoranin replied that he would join anybody against the Communists.

When Poltoranin lost his influence, it was due not to any reaction against such politicking, but to his feud with the NTV company and its financial backer, Vladimir Gusinsky's Most Bank. Denouncing NTV, Poltoranin blurted out that "NTV is speaking camp Hebrew language." Active "anti-fascist" groups suddenly recollect, as if they didn't know it before, that in a novel by Poltoranin's sidekick, Information and Mass Media Minister Boris Mironov, the media boss had appeared only slightly disguised as Mikhail Poltoranin, "a fighter against communism and Zionism."

Property seemed to be a greater obsession for Poltoranin than Zionism. Almost immediately after the crushing of the opposition in 1993, winners Poltoranin and Federation Council chairman Vladimir Shumeiko got into a violent quarrel, the main reason for which appears to be competing property claims on the Russian-owned former Palace of Science and Technology, in Berlin.

After leaving state service, Poltoranin acquired a floor of the Russian Press House, to accommodate his commercial TV station, TV-27-Russia. This building had been given to the "new, free Russian press," on his initiative, in 1992. Today, only six small newspapers occupy a tiny part

Yevgeni Volk, and its group of Moscow "field officers" headed by none other than Vitali Naishul.⁵

Fragmentation

Politicians are evaluated by the final results of their activity. The result of the "struggle for multiparty democracy," run by Burbulis, Popov, Murashov, and other puppets of Free Congress Foundation/Krieble Institute, was the total discreditation of the reform parties, subversion of their political and economic agenda, scattering of their activists, as well as the

5. See part 1 of this series, *EIR*, Sept. 6.

electorate, into small, warring pieces, and the renunciation of all the ideas and values associated with democracy. Freedom of thought and expression, human rights, economic competition, legitimacy—all this was discredited and doomed for an indefinite period of time, and people made to believe only in the authority of force and a "strong hand" that might put an end to the political and economic disorder.

No wonder. The whole outline of the U.S. Republican people's activity in the Russian democratic movement followed a pattern of provocative actions, ultimately designed to undermine the authority of this movement and the state leadership it supported.

of the building, while the rest houses private companies which owe their real estate privileges to Burbulis, Poltoranin, and another of their circle, Valeri Volyansky of the UMAREKS company, which *Obshchaya Gazeta* reports is engaged in the arms trade. Another floor belongs to Travel Global Service Asiana, which sells diplomatic passports, certificates of noble birth, and, supposedly, citizenship rights in various South American countries, for fees ranging from \$3,000 to \$70,000.

'True Yeltsinists' against Yeltsin

Boris Yeltsin dumped Burbulis in early 1993, when the state secretary was aggravating his conflict with the Supreme Soviet and Yeltsin landed in an awkward situation. When Yeltsin demonstratively walked out of the Sixth Congress of Soviets and none of his key ministers followed, the President had to seek support from the new mayor of Moscow, Yuri Luzhkov, falling into a dependence on him and his clan, which brought a lot of problems later on. In his memoir, an angry Yeltsin portrayed Burbulis as an ambitious thug.

The later behavior of Burbulis revealed the influence of his foreign friends even more. He was a guest at several British Tory Party-dominated conferences of the Conservative International (also known as the European Democratic Union). In early 1993, he even tried to set up a political party called the Tactical Union of Russian Voters, with the Russian acronym "TORI."

For a short time in 1995, Burbulis promoted the World Bank's Boris Fyodorov, who was styling himself as the "Russian Berlusconi," with a party called, approximately, "Go, Russia!" Fyodorov scarcely got wind in his sails, when Burbulis and some of his cronies (Murashov, Golovkov) switched to Prime Minister Viktor Chernomyrdin, promoting him for the Presidency. After some hesitation, Chernomyrdin brought Burbulis onto the image-making staff of his new party, Our Home Russia. Burbulis ran the summer 1995 campaign of Our Home's candidate for

mayor of Yekaterinburg, Alexei Strakhov, who lost in disgrace after spending a lot of money from Chernomyrdin's team. (We can only guess what advice Burbulis was giving to Strakhov, but it is noteworthy that the International Republican Institute supported Strakhov's victorious rival, Edward Rossel.)

Manipulating the opposition

During 1992, Burbulis, Moscow Mayor Gavril Popov, and police chief Murashov manipulated open clashes between liberals and communists on the streets of the capital, which gave shape to the opposition for a long time to come. The clash of May 1, 1992, which became an opposition *cause célèbre*, was created artificially: First, permission for public rallies was granted; then, several hours before they began, it was revoked, and so on. A days-long opposition rally outside the Ostankino TV studio was dispersed by nightstick-wielding policemen, at 4 a.m. on June 22, 1992, precisely the anniversary of the Nazi invasion of the Soviet Union. In liberal circles, Burbulis's explanation of the timing was quoted: "We have to break the mentality."

Apparently, the "mentality improvement" brought more popularity to the victims than to the authorities. It made the political career of a former Soviet correspondent in Nicaragua, Victor Anpilov, who was the organizer of the rally.

The delayed result of the Krieble interlocutors' methods would be seen a year and a half later, when old liberal dissidents, as well as Orthodox priests, were standing under red banners under the walls of the Russian Supreme Soviet, to defend it. The West stared at all this, perhaps slightly embarrassed, recognizing that something was going wrong, but taking no positive initiative. Western leaders were presented with a choice, defined by the "democratizers" of Russia as either "nationalist-communist dictatorship" or "democratic reform" (now rescued by the methods of dictatorship).—R. Bessonov