

CHAPTER THREE: THE *EXILE* MEETS THE EXPATS



fter Ivanov, the first people we went after were our competitors, the *Moscow Tribune* and the *Moscow Times*. From ten paces they looked identical, with the same A3 tabloid paper and blue banner, but there were huge differences. The former simply sucked, while the latter was fast becoming a tyrannical corporate mini-Godzilla, stomping on the expatriate community's communication lines with its high production values and aggressively banal news coverage.

Undermining the extravagantly staffed, liberally funded *Times* was going to be a long-term project; putting the *Tribune* in place would be easier. This was a two-bit copycat publication run by a British mama's boy named Anthony Louis, son of Victor Louis, the well-known English correspondent and reputed Soviet double agent. Years ago, Louis Sr. had brought the text of Khrushchev's secret speech and films of Sakharov in exile to the West. Now Daddykins was dead and twentysomething offspring Anthony wanted to follow in his journalistic footsteps, using the platform of an English-language paper in Moscow.

Louis's paper had actually been the first such paper in post-communist Russia, but it quickly lost almost the entirety of its market share to the *Moscow Times* through mismanagement, editorial ineptitude, and the conspicuous lack of an overall publishing concept. Historical forces had also played a role in squeezing it out. The *Trib* was a hokey British cold-warrior leftover of the mind-set which had created faux-friendly projects like Apollo-Soyuz and the Goodwill games; it had been the big paper in town when "Joint Venture" and "Cooperative" were the hot new words on the street, and people like Grigory Yavlinsky put forth pie-in-the-sky fantasies of revamping the Soviet economy in 500 days, and were taken seriously when they did.

The *Times*, on the other hand, was a product of the

next, more lasting era, in which armies of American consultants virtually took over Russian government, and smooth-talking Western corporations moved in to replace that hokey Cold War atmosphere with the efficient, calculating feel of "professional" Russia. Everything about the *Times* was corporate: the American style and spelling (despite Dutch ownership), the gleaming new computers, the high-rent start-up office in the Radisson hotel, the confident, libertarian editorial slant. . . . If the *Trib* was ratty tweed, the *Times* was creased collar and power tie, which by 1992 was the chosen uniform of much of the can-do expatriate community.

The *Trib* couldn't compete. Within a few years after its inception, its entire marketing strategy was geared toward

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clumsily copying the *Times*, which had brought on a core staff of experienced hacks in its start-up stage to compete with the *Trib*'s low-cost editorial staff of wire services and Upper Voltan grad students. The *Trib* was shameless. Every time the *Moscow Times* did a redesign, the *Trib* did one, seemingly copying every last detail (*Times* decisions to go weekly or insert a color banner, for instance, were quickly countered by the *Trib*). This was the kind of business you only see Westerners daring to run out in the open when they're far away from home; it was a newspaper in the same vein as "Leevi's" jeans, "Naïke" sneakers and Starter jackets with "Atlanta 49ers" emblems.

By the time I arrived at the *eXile*, the *Trib* had already started to copy us. They'd put out a nightlife guide which was a naked copy of our own "Bardak" pullout section, a thing which had already gained some renown around town for rating clubs according to your chances of getting laid at them, using copulating stick figures as graphics. The *Trib* answered with a guide that used *eXilian* words like "whores" and "E-ed out"—all in the wrong places, of course, but there all the same.

This was a low-tech version of something we were going to come across over and over again—Westerners operating under a thin cover of "Western" respectability, eeking out tiny profit margins by running athsmatic little rackets with public or private money, and hoping no one would notice amid the general chaos of modern Russia. After all, the logic went, there were plenty of Western corporations and governments doing big-time good in the new Russia—what's wrong with a little racket or two on the side, as long as they're kept relatively quiet?

We were small-time, too, but we were going to take a different tack, choosing to dispense with the pretense and be openly nasty in our attempt to get a little piece of the pie. Living as we were in a country where government officials unapologetically stole in the billions, we figured our readers would at least appreciate our honesty. The *Trib* was a good place to start. Mark and I took a quick glance at their new guide and decided to turn around and shove their editors' subtle parasitism up their asses.

Posing as independent marketing consultant "Sam Weiss"—the first in what would be a long line of mischievous, fictitious *eXile* Jews—we called around Moscow's leading Western p.r. firms and said that we were working for Anthony Louis and wanted help in refashioning the *Trib* concept. In a peculiarly contemptuous twist, we pitched the idea of a "scratch 'n sniff" *Tribune* to every company we called.

The results were brutal. Every company in town declined our business, regardless of how large a fee we offered. A company called Friedman and Rose gave a typical response, explaining in a written response that "the challenges facing the *Moscow Tribune* are more substantial than any promotional 'gimmick' can instantly resolve. . . . The problem does not lie exclusively with its marketing. The publication has a 'me, too' look which does nothing to set it apart from its competition. The *Moscow Times* and (to a lesser extent) the new lifestyle tabloid, the *eXile*, have re-positioned the *Tribune* into a tenuous middle ground position—rather than as a true alternative to either."

That company even included in its rejection letter a free copy of an inspirational self-help book (*Disruptions: Overturning Conventions and Shaking Up the Marketplace*), whose jacket cover we published along with all the letters and phone conversations accumulated in the course of the prank, which documented the *Tribune*'s pathetic standing around town. Advertisers reportedly called the *Trib* in a rage, demanding to know if it was true, as we'd claimed, that their papers languished in stacks for weeks. The *Trib* had no defense. There were holes in its deniability at every major distribution point in the city.

In any case, nine months later, the *Trib* was down from five issues a week to two, and was being run on the editorial side by a guy who had gone from entry-level copy editor to editor-in-chief in the space of six weeks. Anemic ad revenues and rising rent in the diplomatic office space his late father's spook friends had found him forced him to squeeze the staff that he'd kept on two whole floors into half of one floor. And after a year of hounding his paper, we were expanding, from 16 pages biweekly to 24 pages biweekly and finally to 16 pages weekly, largely by swiping away his advertisers.

The *Times* was a tougher call. This was a paper backed up by a big corporation called Independent Media, which was headed by my former boss, the diminutive Dutch ex-Maoist Derk Sauer. Sauer had started with just the *Times*, but now also had Russian versions of *Cosmopolitan*, *Playboy*, *Good Housekeeping*, *Marie Claire*, *Harper's Bazaar*, and *Men's Health*, in addition to business publications like *Kapital* and *Skate Press*, which were staples of the Western financial community. There was no way we were going to put these people out of business, but we could at least embarrass the newspaper.

Although the *Times* had been very indulgent with me throughout my stay there, rehiring me no less than three times during my many years of frenzied flight between

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jobs, countries, and nervous disorders, the company leadership had been unaccountably nasty and condescending when I told them of my original plans to edit *Living Here*. The most obnoxious of the lot was editor Geoff Winestock, a dour, reactionary Australian with a weaselly, suspicious face and a notorious lack of interpersonal skills. Geoff had been wearing the same tight maroon turtleneck for about four years, and it appeared to have cut off the blood supply to his head; he always looked half-asphyxiated and pissed off. I'd known Geoff for years and never liked him. The year before, he'd tried to talk me out of leaving the *Times* to move east, arguing with a straight face that playing pro basketball in Mongolia was a disastrous career move compared to staying with his

reporter he'd be fired if he wrote for me. After that, Winestock swiped away another contributor of ours, a Russian journalist who was writing under a pseudonym, by threatening to tell the writer's publisher about his extracurricular activities unless he switched from the *eXile* to the *Times*. It was a crude power play, the first of its kind I'd ever encountered, and it set the tone for future *eXile-Times* relations.

But personal considerations were really secondary when it came to my attitude toward the *Times*. As a literary organism alone it made for a very conspicuous villain. Though former *Times* editor Marc Champion had chided me, when I returned for Moscow, for joining up with a "shit paper" like *Living Here*, the truth was that the paper

Svalka Right outside metro Profsoyuznaya. The place looks dead on weekdays but Fridays and Saturdays here are undoubtedly one of the best in the city. Good bands, reasonable prices, nice looking girls, extraordinary interior and dances till you drop will drive crazy anyone.

The Trib's Time Out section. Above: The Trib seeking to "drive crazy anyone" with its *eXilian* club guide. Right: Sam Weiss's letter.

The Moscow Tribune

Sam Weiss, Independent Media Consultant
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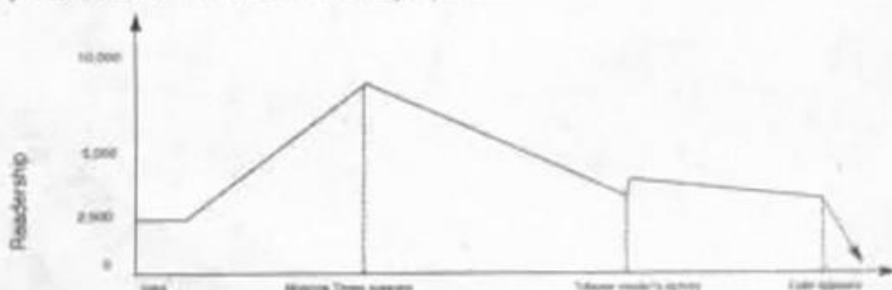
The Moscow Tribune is Moscow's oldest foreign-owned English-language newspaper. We began publishing in 1989, more than two years before our competition, The Moscow Times. We believed that the then-Soviet Union was poised to become one of the world's leading emerging markets, which in turn would require news and information in English, of which there was little at the time. We expected an influx of foreign businessmen and consultants to take advantage of this situation, all potential readers. We believe our predictions have borne truly.

Since 1992, competition has eaten away at our readership, and, subsequently, at our client base. This has had several negatory effects, including of which has been our difficulty in attracting "blue chip" journalists and editors. While we are very proud of our staff and the product we produce, we believe that there has been major damage to our IMAGE. The IMAGE of the Moscow Tribune is that of the "third" newspaper, after the Moscow Times and "The Exile" newspapers. This is frustrating, considering that The Exile only started a couple of months ago, while we, the "third" newspaper, has been in Moscow for SEVEN YEARS! Specifically,

1. Newsstands across Moscow regularly reveal that readers are picking up the Times and the Exile, while ignoring the Tribune
2. This has led to clients complaining that people aren't reading our newspaper

Last summer, the Moscow Tribune conducted an extensive reader survey, which lasted almost two months, and culminated in a free trip giveaway. This period was perhaps the best period for our readership in terms of picking up the newspaper period, which we believe is partly attributable to the contest. For that reason, we would like to emphasize, as a short-term solution to our problem, GIMMICKS which will ATTRACT READERS. We unfortunately didn't learn too much about our readers, except that they seem to like GIMMICKS. Otherwise, we estimate that over 80 percent of what remains of our readership are expatriates with high salaries.

Consider the graph below. Our readership has been falling for roughly the past six years, and is in danger of EXTINCTION, besides perhaps a few of our friends and families. This dangerous situation has led Anthony Louis, editor and owner of the Moscow Tribune, to hire me, Sam Weiss, as his PR consultant in order to remake our image, and to come up with weekly gimmicks which will attract readers to pick up our newspapers. I am presently collecting proposals from several of Moscow's leading PR and advertising firms. We need our first proposals no later than Friday, April 18, for my presentation to Mr. Louis on Monday, April 21.



paper to rewrite wire copy. He'd sweetened that pep talk by informing me that if I went through with my basketball plans, I'd never be welcome back at my dull job at the *Times*. Tactics like this had caused turnover to skyrocket at the *Times* since Winestock took over from his more straightforward and professional predecessor, Marc Champion.

In any case, when I returned to Moscow to edit *Living Here*, Winestock promptly banned me from the *Times* offices—where I still had friends—then refused to let one of his employees publish his book serially in my paper after he himself had rejected it, telling the

The Moscow Tribune

Sam Weiss, Independent Marketing Consultant
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Dear Rory,

April 15, 1997

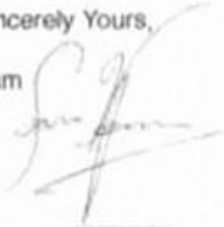
Following up our telephone conversation today, I am sending to you the brief that Mr. Louis, the editor/owner of the Moscow Tribune, approved for me today. I hope it is satisfactory for your needs. I look forward to receiving your proposal by the end of the day on this Friday. As I explained, we need, in the proposal:

- * General ideas on gimmicks which you think would help move the newspaper off the stands (giveaways, scratch 'n sniff, etc)
- * General ideas on image makeovers which would distinguish us from the Times or Exile, or else help us to steal away their audience
- * A brief history of your firm and your firm's client base
- * Pricing

Thank you for your time and work.

Sincerely Yours,

Sam



he'd helped build was, in my view, a much bigger disappointment. His *Moscow Times* hadn't even been modeled after major Western dailies, which at least tended to boast, at the community level, a staff of investigative writers who acted as watchdogs over their own readers.

Its coverage of Russian politics and issues was first-rate by straight journalism standards, but the part that concerned its own readership read more like a suburban community newspaper, sponsored by the local Jaycees and Elks Club—the kind that

sells hardware-store ads around grainy photos of local Little League games.

Which might have been appropriate for some Third World backwater expat paper. The *Moscow Times's* readers, though, were a huge army of about 50,000 representatives of the richest and most powerful companies and governments in the world, relocated temporarily in post-communist Moscow to act as architects for possibly the hugest social transformation the century had ever seen. The very banality and dullness of the *Times* was a huge boon to these people, providing soothing cover and a benevolent public face for the high-stakes business deals and cutthroat subterranean politics that, right or wrong, they were here to carry out.

The *Times* was proud of its "professionalism." Even I had been, when I worked for them. I remember working there and saying all the time that, for an expatriate rag, the *Times* "was a really good paper." But now its condescending attitude just pissed me off.

A few weeks after Champion laid his "shit paper" speech on me, a brief appeared on the *Moscow Times* sports pages entitled "Wilt the Stilt to play for CSKA?" It reported that Wilt Chamberlain had fallen in love with a Russian girl, converted to Russian orthodoxy, and decided, at age 58, to move back to Moscow to make a comeback with the Red Army basketball team. The source on the piece was a report in the "Santa Monica Daily Bugle," which quoted Chamberlain agent "Jerry Steinblath" as having confirmed the story.

The story, of course, was a plant. "Steinblath" was one of our guys, sitting in his fictitious Maccabee locker room

next to Sam Weiss. We'd foisted the whole story on both the Red Army and the Russian sports daily *Sport-Express* as part of an April Fool's Day prank, never guessing that the *Times* would reprint the thing. And not only reprint it, but not identify its true source (*Sport-Express*), fuck up Steinblath's name (they wrote "Steinblatz"), and blow Chamberlain's age. All in the space of three tiny paragraphs. So much for professionalism.

This was just the beginning of our attacks on the *Times*, but it was a good start. In our gloating post-factum account of their fuckup, we named all the culprits by name, in particular sloe-eyed *Times* sports staffer Gennady Fyodorov, who'd copied the story almost verbatim out of *Sport-Express*. This was, incidentally, how a lot of *Moscow Times* articles got written: a staffer would spot a story in a Russian paper, make a phone call or two, then rewrite the thing in English, knowing that most of his readers wouldn't guess the source. Expat journalism 101. Fyodorov's only mistake was that he hadn't made the one phone call.

For obvious reasons, the sportswriter didn't appreciate being used to expose the *Moscow Times* journalistic method. In fact, he was so peeved that he made it a point to search me out and harangue me on neutral territory, in the dark, alcohol-stained halls of the Russian daily *Komsomolskaya Pravda*.

I got a thrill just looking at his wounded, harried face wobbling toward me in the hall. He was practically wearing the chewing-out he must have gotten from the loathsome Winestock.

"I read what you wrote," he said, waiting for me to finish the sentence.

I said nothing, surprised suddenly to find myself radiating the aura of being busy and having better things to do.

"You were so out of line," he said. "I mean, not like anyone cares, because no one reads your paper. But, I mean, you know how the newspaper gets written. You can't check every little thing."

"No, I don't know that," I said. "In journalism school I learned that everything has to be verified."

I'd never been to journalism school.

"But," he said, "you know, you've done it yourself, take something out of a newspaper."

"Never once," I lied. "My conscience wouldn't have allowed me to disgrace the *Moscow Times* like that."

I threw my hands in the air and stared at him. Finally Fyodorov left in a huff, disappearing down the hall. My friends at *Komsomolska*, who, like most of the paper's writers, only moved from their state-subsidized chairs a few times a day, pointed angrily at him.

"Fucking jerk," said one. "He's always hanging around here."

But the *Times* and the *Tribune* were little fish. The real big targets were the cream of Moscow's expatriate society—the leaders of the aid community.

Aid was a difficult subject to cover. It was complicated and frequently very boring. But if you had the patience to learn the details of the politics involved, you couldn't help but be shocked. The expatriate community's dirtiest little secret was its official reason for being there.

On May 22, the United States Agency for International Development (USAID), the government agency responsible for distributing foreign aid, announced that it was canceling the remaining \$14 million left on its contract with Harvard Institute for International Development—the body mainly responsible for implementing Western-funded capitalist reforms in Russia.

The reason was that HIID's Moscow chief, Jonathan Hay, and the HIID Russian program chief in Boston, professor Andrei Schleifer, had been caught violating Institute policy regarding investments in their host countries. Hay had

Courage Crunch

Solzhenitsyn's Book is No Bestseller

—Moscow Times headline, June 4

Solzhenitsyn's Book Sells Out

—Moscow Times Headline, June 5

Fasten your seatbelts and brace yourself for the following incredible piece of Moscow Times commentary, published on June 4:

"For all his greatness, Solzhenitsyn offers no solutions and lacks the moral courage to name names or take a political position on concrete issues."

Are you laughing yet? No? Go back and read it again. That's Geoff Winestock, the wiry little Australian interim editor of the Moscow Times, saying that Alexander Solzhenitsyn lacks moral courage.

Geoff Winestock earns in the high five-figures. He has a pleasant wood-paneled office which he reached mainly by skillfully demonstrating the absence of a personality over the course of about eight years of cautious business reporting. Developing a hangnail or being served a slightly overcooked hamburger would normally be enough to constitute a bad day for Winestock. In his editorial messages, he is consistently pro-status quo and pro-authority, and seldom takes a stand on anything at all.

Alexander Solzhenitsyn spent eight years in a concentration camp for having made a derogatory remark about Stalin. Shortly afterwards, he was diagnosed with terminal cancer, which he miraculously survived. He then spent much of his adult life in open opposition to one of the most brutal governments in history, a government that, until he was exiled, had absolute control over virtually every aspect of his life and the lives of his family members. Somewhere in there, Solzhenitsyn's passionate, splenetic prose also won him a Nobel Prize for Literature.

Geoff Winestock telling a gulag survivor—and one whose voice first broke the mystique of Soviet communism—that he lacks moral courage? Are you all kidding me, or what?

God knows why, but the debunking of Solzhenitsyn has become one of the favorite pastimes of the Western press—and the Moscow Times in particular. Brownwyn McClaren's gloating June 4

"Not a Bestseller" article even went out of the way to point out that biographies of phocine pop queen Alla Pugacheva, seedy thug Alexander Korzhakov and even Queen Elizabeth II outsell books by Solzhenitsyn.

Well...no shit. And Sue Grafton would have outsold Tolstoy. Leave it to the Moscow Times to judge a writer by how much money he makes. After all, even if Solzhenitsyn hadn't become the wind-bag that he now is, he'd have had a tough time selling even a masterpiece to a country raised on violence, bad disco music and Brazilian soap operas.

But that's beside the point. The real question is, why is it necessary to debunk Solzhenitsyn? Where's the page 1 urgency? Why not just leave the guy alone? You almost get the sense that no matter how much lip service they pay now, people like Winestock have resented Solzhenitsyn's anti-establishment moralizing all along. Like they thought maybe he should have been quieter about being a martyr. These kinds of people tend to favor reform from the top down; they don't like Solzhenitsyn's way of doing things.

For what it's worth, Solzhenitsyn still is relevant, despite what Winestock thinks:

"But after his expulsion and decades of exile in France and the United States, Solzhenitsyn apparently lost touch with Russia. He sacrificed much moral authority by dismissing the changes begun by Mikhail Gorbachev and Boris Yeltsin. When he eventually returned to Russia in 1994, the crucial moment had passed and the new Russia had other heroes and concerns."

"Solzhenitsyn has tried to maintain his position as a voice in the wilderness, but since his return he has failed to adopt any clear public stance on any issue."

Um...actually, Geoff, it was Solzhenitsyn who first called the modern Russian state an oligarchy. He did it in June, 1994, when he first returned to Russia. That was about three years before you dared to use the word yourself. But then again, maybe he just didn't have the moral courage to wait the way you did...

In the spring of 1998, Moscow Times interim editor Geoff Winestock set new standards for expatriate hubris when he wrote in an editorial that writer/gulag survivor Alexander Solzhenitsyn "lacked moral courage."

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invested money in Russian stocks through his girlfriend, Beth Hebert, while Schleifer had invested through his wife, Nancy Zimmerman.

This was the first big public blemish USAID had really suffered in Russia, and for a few weeks it was diligently reported all over the Western press as a shocking isolated incident of corruption. A few papers even ventured to do longer features tamely questioning the efficacy of USAID policies toward Russia in general. But almost nobody bothered to report the monstrous and extremely obvious failure of the Western aid effort to live up to the inspirational white knight role it was supposed to be playing—a story that was obvious long before the HIID scandal broke.

The HIID scandal broke at a fortuitous time for us. At exactly the moment USAID was making its Announcement canceling the contract, we were sending an exposé on USAID to press. The article was based on a report by George Washington University professor Janine Wedel, and argued that United States aid money had really been used not for reform, but as financing for the political career of Western-friendly Deputy Prime Minister Anatoly Chubais, who sat on the board of most of the organizations which received U.S. aid. As head of the state property commit-

tee in 1994–95, Chubais had also overseen the U.S.-led privatization effort, itself practically a second '90s revolution.

I hadn't done too much original reporting for that piece, but the more I learned about how the community worked, the more I saw the general lack of public contempt for the aid effort as a scoop in itself. So when we ran a cover with a big headline that read "BogUSAID: How



Winestock Through the Ages

Extensive research by the eXile has uncovered evidence of a storied journalistic tradition in the Winestock family. At first we thought the whole business of saying Solzhenitsyn lacks moral courage (see below) was a real novelty, but it turns out we were wrong. Winestocks throughout the ages have been pushing the edge of that envelope for centuries now:

1. "The teachings of Jesus Christ...lack the resonance to take hold among citizens of the Roman Empire. Christ's message of love and tolerance is way off the mark.

What the people want these days are rituals and new forms of animal sacrifice."

* Winestockius, 1st century Roman Historian of Greek origin

2. "Napoleon hath no armie... (He) shall not cross the Rhone or see Italle. His military tactics lacks boldness and innovation. No patri shall be named after him."

* Jaffe Winestocks, 10th century British military historian

3. "The so-called Whitechapel murderer will not strike again...If he is not captured he will simply cease his efforts once he realizes the public is

not interested in his crimes. Put another way, these incidents lack...the power to terrify."

* Scotland Yard constable Jeff Winestock, after the second of five Jack the Ripper murders

4. "The Kaiser will never the Germanic Provinces unite. He the inclination to do so lacks."

* Jlefer Winestauch, 19th century Prussian General

5. "Hitler...lacks the will to solve the Jewish question."

* Richard (Zip) Winestock, Times of London guest columnist, 1937

In Search of the Perfectly Inane Editorial

We here at the exile have often been accused of being overly critical, while leaving the great question of how to be constructive untouched. "It's easy to tear things down, but harder to build them up," they say.

This issue, we've turned our attention to our friends over at Ulitsa Prady, who seem to be finally tackling the great issue of how to create the perfect editorial. On December 5th, we received a slew of phone calls after the Winestock-penned classic "Gorbachev Should Not Sell Pizza," which most of our readers thought was a practical joke we'd played on the *Moscow Times*. "How did you guys slip that fake editorial into their newspaper?" cried more than one bemused reader.

The embarrassing fact is that we didn't. They—or rather, interim editor Winestock—composed that editorial all by his whacky, interim self. We were nearly struck with jealousy that he had penned such lightly humorous asides as, "the great man's image will tarnish fast once he starts exhorting people to visit the salad bar at their local Pizza Hut," and in the next paragraph, adding fuel to the fire of comedy, "but Gorbachev risks [...] his halo as the man who ended the Cold War when people start seeing him as a pizza salesman," and of course who can forget the rousing finale of cymbal-crashing humor when Winestock concluded with the surprise punchline, "...the [Gorbachev] foundation's reputation will suffer once its guiding light starts doing Pizza Hut ads." This is a knee-slapping, sales-a-hurtin' example of how Winestock is expanding his reach into high comedy.

Oddly, the comedy came to a screeching halt, although the will to experiment took a mind-bending turn. On Wednesday, December 10th, the interim editor published his first-ever "must" editorial, as opposed to the innumerable "should" editorials that have marked his brief tenure. Headlined "Law MUST: Root Out Bad Police," Winestock shocked his readers by actually taking a clear stand. Not that he'd find too many sane human beings who would disagree with his argument that bad policemen should be fired, but we figured that this was a first step, a big toe dipped in the lake of commitment, and there's nothing more we'd like to do than to run up behind him at full speed, lower our helmet, and stick him in the lower back, sending him deep and far into the lamprey-infested waters of Lake Take-A-Stand.

So we at the exile, sensing change in the *Times*' editorial-writing department, decided to lend a helping hand. Posing as Bernie Schwartz from the *Moscow Times* marketing department, we called various expat organizations—particularly local journalists—to find out just what it is the reader wants and expects from a Winestockian editorial. Each of the callers was given a short spiel on how the *Moscow Times* is working on a new experimental program to fine tune its editorials to the readers' expectations. Callers were given the alleged topic for the next day's MT editorial, then asked to recommend, based on a series of choices, which type of editorial should be

written on that subject.

Our first call was to the Business Week news desk:

exile: Hello, my name is Bernie Schwartz, and I'm calling from the marketing department of the *Moscow Times*.

Business Week: Hello.

exile: What's your name?

Business Week: John Crawford. I'm the deputy bureau chief.

exile: Nice to meet you, Mr. Crawford. We're doing a new reader's response survey to help us with our editorials, in which we ask readers of our newspaper some questions about what they expect in an editorial. Maybe you've heard of this kind of thing? They do it a lot in the States.

Crawford: Uh-huh.

exile: Why don't I just get right down to it? Tomorrow's editorial is supposed to be about the Rosneft loans-for-shares thing, about how they floated the idea, then withdrew it, and now they're floating it again.

Crawford: Uh-huh.

exile: My first question is, should this editorial be humorous, serious, or a "points-to-a-larger-problem" type of editorial?

Crawford: Uh, let me see. (Pauses) Points-to-a-larger-problem editorial.

exile: Okay. Next question. Should we make this a "there-they-go-again" editorial, a "the idea's not bad if it's fairly held" editorial, or should we use the phrase, "we should not rush to condemn it"?

Crawford: H'm, that's a tough one. What were the three options?

exile: (repeats)

Crawford: I would say "we should not rush to condemn it."

exile: Okay, and the last question. Should we end off strongly in favor of the Rosneft loans-for-shares, strongly against, or remain ambiguous?

Crawford: Ambiguous. That way you cover your options.

Wow! He didn't even blink! Like minds think alike. Moving on, we called the New York Times to see if that ultimate paper of record might do its part to help pull Winestock onto the conveyor belt of "objectivity." To our surprise, we were lucky to hook up with one very helpful Marina Likhman, an American researcher.

Likhman: I'd be more than glad to do this survey. It's part of my job, you know, to read your editorials.

exile: Oh that's great. We're happy that you read our newspaper. Things have been getting tough lately, and that's why we're doing these reader-response surveys for our editorials.

Likhman: Oh, what a great idea!

exile: We're doing an editorial on the Rosneft loans-for-shares thing.

Likhman: Uh-huh, yeah.

exile: Do you think our editorial should be serious, humorous, or "points-to-a-larger-problem"?

Likhman: Oh definitely "points-to-a-larger-problem." I really like those types of editorials. Usually economic issues point to a larger problem, you know? Especially here, where it's like, make-up-the-rules-as-you-go-along, you know? In this instance you always need to point-to-a-larger-problem.

exile: I see. The next question concerns the body of the editorial. Do you think that this editorial should a) have a "there they go again" angle, b) idea not bad if it's fairly held, or c) we should not rush to condemn it?

Likhman: (pauses) Okay, well, H'm. Okay, I'm not too familiar with this particular issue. I can only tell you what I'd expect. I always expect in this circumstance a "here we go again" type of editorial.

exile: Okay, good. Now the last question. Should we be strongly for, strongly against, or ambiguous?

Likhman: H'm, against or for? You want me to say?

exile: Well, yeah. That's what this survey's about. We're finding out how people respond, then we'll fashion tomorrow's editorial based on polled reader responses.

Likhman: Interesting. It notes a lack of independence... but you guys are entitled to that if that's what you want. You guys will probably come out against the loans-for-shares thing. I mean, you guys are real rabble-rousers in your editorials. I really like them—like what you wrote about the Moscow Duma and how they should have an opposition? I totally agree. In fact, I don't know the last editorial you wrote that I disagreed with.

exile: (baffled) You think we're "rabble-rousers"?

[Editor's note: If the New York Times's idea of "rabble-rousing" is that a municipal legislature should not be a rubber-stamp body for an authoritarian mayor, then we'd be curious to see what they think is tame.]

Likhman: I don't mean that's bad! But like, for example, you really came out against Chubais. That was good.

exile: We did? Oh. Anyway, we're also planning on doing a web site soon.

Likhman: Oh great! I'm so excited!

exile: We're going to do a sort of reader interactive editorial page, where we'll put up the next day's editorial topic, then have readers vote on how we should write it.

Likhman: That's so exciting! I think reader-interaction is great to get people involved.

exile: No, I mean we're going to take the average reader response then base our editorials on that.

Likhman: Well, so long as people know that your editorials will be based on reader response, I guess that's really great.

exile: Actually, no. We're not going to tell our readers anything. We're just going to leave it the way it is, as a regular editorial. The only difference will be that our position will be generated by the average reader's desires.

Likhman: (pauses) If you do, it's weenie.

exile: Why is it "weenie"?

Likhman: It's weenie because you're repre-

senting the readers' opinions as that of the newspaper.

exile: Well, it's all part of the restructuring at the *Moscow Times*. We're also thinking of getting rid of the MT Out section. They're saying that it can't compete with the exile.

Likhman: No, I like the MT Out. I mean the exile's guide is geared towards people who want to drink or go out to clubs or something, but the MT Out is more... intellectual.

It's downright impossible to argue with that!

Next on our list were our old friends at Burson-Marsteller, the renowned PR firm which once gained fame in our newspaper for jumping on our proposal to try to cover up St. Petersburg's image as a city whose brutal treatment of foreigners and "undesirables" was earning it the ol' "violation of human rights" tag, which might cut into profits in their Eurobond issue. For the folks at BM, this wasn't a problem; after all, they're the same guys who were hired by Exxon after the Valdez spill, Union Carbide after its Bhopal disaster killed tens of thousands, the Argentinean military junta, the Indonesian despot, and just about every other ne'er-do-well in the global village who needed someone to lie for them after they'd hit the proverbial baseball through the neighbor's window. Like the Wolf in La Femme Nikita, who cleans up assassination jobs by dissolving the bodies in tubs of acid, Burson Marsteller can clean up a bad mess like no one!

exile: We're trying to do reader-survey editorials to make sure that our editorials are in line with reader expectations. It's kind of the new thing in the States.

Marsteller: Uh-huh.

exile: So if you have a minute-

Marsteller: Go ahead!

exile: Well, we're doing an editorial tomorrow on the Rosneft loans-for-shares. My first question is, do you think the editorial should be humorous, serious, or points-to-a-larger-issue?

Marsteller: I think that, uh, it should be serious.

exile: Okay, next question. Should we make it a "there they go again" editorial, a "the idea's not bad if it's done right" editorial, or a "we should not rush to condemn it" editorial?

Marsteller: (serious tone) That's a good question. H'm. (pauses) I think the last one, "we should not rush to condemn it."

exile: Okay, and the last question. Should the conclusion be strongly for the loans-for-shares, strongly against, or ambiguous?

Marsteller: Strongly for, definitely!

exile: Okay, good. By the way, I'll need to get your name again.

Marsteller: Jim Vail. I'm a senior account executive.

exile: Wait, haven't I seen your name somewhere?

Marsteller: Yeah! I used to write for you guys! I wrote for the *Moscow Times* last year!

The *Moscow Times*'s reputation for moral flexibility was so firmly entrenched in the expat community that people actually believed us when we spread the word that the paper would, from now on, be fashioning the opinions in its editorials based upon the results of reader surveys. In this joke, we conned employees for *Business Week*, the *New York Times*, and Burson-Marsteller into giving the *Times* a little friendly advice.

The Times had a charming habit of keeping things nice and simple in the midst of complex phenomena like the 1998 financial crisis.

Times

WWW.MOSCOWTIMES.RU

All's Well

Kremlin reassures foreign investors about reforms. Business, Page 10.

MICEX RUBLE RATE

0.0125

MT INDEX

2.92

8.38

DOLLAR RUBLE

The scheme worked like this. In the fall of 1995, in what would subsequently become a pattern in the increasingly ghettoized world of Russian politics, the Russian federal government found itself short of cash. The Yeltsin regime needed money to pay foreign debts and, so it said, pensions and state salaries. So it devised a scheme to raise short-term money—the loans-for-shares auctions. The scheme was devised by the State Property Committee (GKI), a body within the government which for years had been in close cooperation with the U.S. government-funded Russian Privatization Center (and had, incidentally, worked with the RPC to hold the voucher privatization program). Their idea was to auction off shares in private enterprises to private banks (who would then hold them in trust) in exchange for cash loans to the government. Eventually, if the private investor wanted to keep the property, he would have to win a reacquisition of the same shares.

USAID Helped Anatoly Chubais Screw Russia," it was news before people even started to read the text. No one in the city had ever publicly questioned the essential righteousness of the aid mission, much less dared to imply that its heroes had "screwed" anybody, even their own wives.

Which didn't make sense, since there was plenty of evidence out there to show that the key protégés of U.S. policy within the Russian government had marauded the budget and state property for personal gain with all the subtlety of an attack on Masada. The key event there was the "loans-for-shares" auctions, in which shares of state enterprises were auctioned off to private investors in exchange for cash loans.

In retrospect, it might not be an exaggeration to call these auctions, which were masterminded by Chubais in the fall of 1995, the biggest thefts in the history of the human race.

10 ♦ Friday, March 13, 1998

E D I T O R I A L

Downgrade By Moody's Badly Timed

Credit rating agencies like Moody's Investor Services are supposed to warn investors about risks ahead. But in its recent decision to downgrade its appraisal of Russia, Moody's is lagging well behind the times.

Russia's finances have indeed endured a crisis in the wake of the collapse of Asian financial markets. Spooked by the realization that emerging markets are risky, international investors lost faith in the Russian treasury bill and stock markets.

This in turn put pressure on the Russian currency as rubles were repatriated into dollars. The Central Bank was forced to spend billions of dollars of reserves to prevent a sharp devaluation in the currency.

All this placed a huge strain on the Russian government, which suddenly found it could not borrow to cover its budget deficit, and also on the Russian banking system.

There was probably no better example of the Times's habit for boosterism than its March, 1998 editorial blasting a Moody's downgrade of Russia's credit worthiness. Six months after the Times in this article insisted that there were no "risks ahead," Russia defaulted on its domestic debt and suffered a near-total collapse of its banking system.

The Moscow Times

I N B R I E F

Wilt the Stilt for CSKA?

■ MOSCOW (MT) — According to American newspaper the Santa Monica Daily Bugle, one of the greatest players in the NBA's history, Wilt Chamberlain want to resume his basketball career in ... Russia.

Jerry Stainblath, Chamberlain's agent, told the newspaper that he wants to come to Moscow to marry his fiancée Larisa Kazakina and to convert to the Russian Orthodox Church.

Stainblath said the first option for his client would be joining Russian champion CSKA Moscow. Chamberlain, 58, retired in 1973.

Chamberlain May Play in Russia, Rumors Say

by James Miller
STAFF WRITER

Is 38 too old to play professional basketball? Not for a man in love, say friends of NBA great Wilt Chamberlain.

"Wilt's coming back. He feels great. He can't wait to get out there on the court," said Lloyd "World B." Free, one of Chamberlain's closest friends. "And he can't wait to move to Moscow."

According to Free and other NBA insiders, Chamberlain has asked his agent to arrange talks with professional basketball teams in Moscow, Russia, the home of Chamberlain's new beau, Larissa Kazakina.

Chamberlain, sources say, has dispensed with his legendary womanizing habits and is "hanging it up" to grow old with Kazakina.

"He's in love. I can't believe it," said Elgin Baylor, reached in Los Angeles yesterday. "I've never seen him like this before."

Chamberlain himself has not been available for comment, but his agent, Jerry Steinblatz, has confirmed that "discussions are underway" with Russian teams, most notably the league-leading "Red Army" club.

Baylor and Free also confirmed reports that Chamberlain is partly motivated by a new religious spirit. Both men say that the "Stilt," who once averaged 50 points a game, is mulling a conversion to the Russian Orthodox Church.

"Larissa has him believing in God," said Baylor. "I went to his house, and he spent an hour showing me all his icons."

Steinblatz would not confirm the reports of Chamberlain's religious conversion, but said that his client is "still viable" and would be a major contributor to any team below the NBA level.

"Wilt can still play," he said. "I would have preferred Italy, because of the weather. But he's the boss."

THE EXILE MEETS THE EXPATS

license to exclude a much higher bid for Norilsk by rival Bank Rossissky Kredit on the grounds that it had "insufficient financial guarantees." Another giant Russian bank, Bank Menatep, was given license to regulate a tender for 78 percent of the oil firm Yukos, and won the auction after excluding a rival on the grounds that its representatives had been 24 minutes late for the auction.

Worse still, the State Accounting Chamber, a body roughly analogous to our own General Accounting Office, later found that Oneximbank, Menatep, and other loans-for-shares winners had used government funds to purchase the auctioned shares. How? Well, as "authorized banks," Oneximbank, Menatep et al. were holding government funds designated for other purposes, i.e., payment of state salaries. The problem was that Russia did not yet have a sufficiently developed treasury system to allow the government to do all of its own banking, so it held similarly

CORRECTIONS

A chart on Page 2 of Wednesday's paper labeled "Crime Statistics" should have noted that the statistics were for the city of Moscow only.

A story on Page 14 of Wednesday's paper headlined "Wilt the Stilt for CSKA?" saying that former NBA star Wilt Chamberlain might play basketball in Russia was a hoax and should not have appeared.

An article on Page 9 of Tuesday's paper headlined "Cash-Strapped Lenfilm Goes to the Car Wash" should have described St. Petersburg Governor Vladimir Yakovlev as a political independent.

This phony "Santa Monica Daily Bugle" article was enough to convince the Russian sports daily Sport-Express that Wilt Chamberlain had decided to make a comeback in Moscow.

It sounded simple, but there were a lot of catches. For instance: somehow, 38 percent of the state mineral magnate Norilsk Nickel fell into the hands of giant Russian bank Oneximbank for just \$171 million, or \$100,000 over the starting auction price. The company, which controls 35 percent of the world's nickel reserves, is worth a lot more—in fact, it is said to clear more than a billion dollars a year in exports. All in all, although huge chunks of about a dozen of the biggest state enterprises were auctioned off, the state only earned about a billion dollars total in cash from the whole process. It was as though the upper crust of the Fortune 500 had been bid out for the price of a couple of NFL expansion teams.

ПИСЬМО ОТ АГЕНТА ЧЕМБЕРЛЕНА - НЕ ШУТКА

По словам генерального менеджера ЦСКА Юрия Юркова, в адрес армейского клуба на днях пришло письмо из американской адвокатской конторы с предложением провести переговоры со знаменитым центром Уилтом Чемберленом, который, как уже сообщал «СЭ», выразил желание выступать за один из московских клубов. Однако до обсуждения конкретных деталей возможного контракта дело пока не дошло.

The amazing thing about the auctions, though, was the way they were held. Oneximbank, for instance, had been assigned by the GKI to regulate, itself, the auction for Norilsk. The bank was therefore given

ЧЕМБЕРЛЕН ХОЧЕТ ИГРАТЬ ЗА МОСКОВСКИЙ КЛУБ!

Как сообщила газета Santa Monica Daily Bugle, один из лучших ков за всю историю НБА Уилт Чемберлен намерен вернуться в баскетбол и хотел бы выступать... в России! Американская газета утверждает (ссылаясь на другого известного в прошлом баскетболиста Уолда Фри), что Чемберлен уже дал указание своему агенту Джерри Шиблатцу подыскать для него подходящий клуб в Москве. Шиблатц подтвердил, что начал переговоры, рассматривая ЦСКА как наиболее благоприятный вариант благоустройства своего 38-летнего клиента. «Уверю вас, он еще может играть, хотя и не на уровне НБА», - сказал агент Чемберлена.

Желание Чемберлена поехать в Россию объясняется тем, что в Москве проживает его невеста Лариса Казакина, утверждает газета. «Уверю вас, он еще может играть, хотя и не на уровне НБА», - сказал агент Чемберлена.

"Chamberlain Wants to Play For Moscow Team!" screamed the headline of the Sport-Express article eventually picked up by the Moscow Times. The Russian paper later wisely went on the offensive and announced (see left) that "the letter from Wilt Chamberlain's agent is not a joke" and that no retraction was necessary.

CHAPTER THREE

bogus auctions for the right to manage government money. The winners of those auctions then went on to use government money to bid on state companies. Menatep, for instance, won the Yukos bid at a time when state Academy of Science workers—whose salary funds were held by Menatep—stopped receiving their pay.

The loans-for-shares auctions were conducted according to the same principle of clan tribute and cronyism that had reigned in Russia during the Soviet years. The only difference was that the scheme punished the average Russian economically in a way that was much worse than the Soviet system had. If Soviet economics placed ordinary people in a state of near-indenture in relation to their bosses, the economics of privatized Russia reduced them to more or less outright slavery. By 1997, it was no longer unusual for employees of companies like Norilsk to go 6 months to a year, if not longer, without receiving their meager salaries. Russian newspapers even reported scenes of people collapsing from hunger in the streets in the towns surrounding the industrial centers. Meanwhile, the banks like Oneximbank which controlled these companies were leveraging them to the hilt to make bids on other properties—and this was after using public money to buy their stakes in the first place!

There was another insidious angle to the auctions. As 1995 came to a close, and key parliamentary elections as well as the next year's presidential election approached, both the Yeltsin regime and the West noted with alarm that the Communist Party was leading in the polls, and antigovernment sentiment was rising. Catastrophe seemed imminent and something needed to be done. That's where the auctions came in. Though it has never been openly admitted or conclusively proved, loans-for-shares was almost certainly also designed to create a super-rich propertied class that would support the regime against any political movement to renationalize the economy. It was hardly a coincidence that the biggest loans-for-shares winners were Yeltsin's most important allies in his reelection campaign the following year. As very recent owners of Russia's key national television stations and newspapers, almost the entire national media, actually, their support virtually guaranteed a public relations sweep that the doddering incumbent rode to victory.

The scope of loans-for-shares was breathtaking. It wasn't just that millions of Russians were having their livelihoods taken away. With the help of the Russian Privatization Center and the State Property Committee—both places that were packed with people who were on a first-name

basis with the leading American aid consultants—Russians had actually paid tax money to instantly enrich a small group of bankers, who in turn performed the service of making their labor unpaid. It was a scam that most criminals wouldn't have considered trying, simply because it was too improbable. Even the Gambino family never sank that low.

All of which was reprehensible and sick, but what was most offensive were all the Americans in town who were apologizing for the corrupt officials in the Russian government who'd pulled heists like this off. If they'd come to town in Viking costumes, or with swastika armbands, it probably wouldn't have bothered either Mark or me so much. But to come in and preside over the rape of so many people with a big smile on your face and an attitude of benevolence and righteousness . . . it was almost too offensive to comprehend. A lot of these people sincerely believed that their North American birth and their superior dentistry made them the arbiters of public morality by default. Growing up, I'd been taught that that sort of attitude had died out of American life with King George.

It hadn't. Russia, for instance, was full of consultants on the public dole who worked for a company called Burson-Marsteller. This is a Canadian firm that grew to be the largest public relations company in the world through its skillful prosecution of public smoke-screen campaigns on behalf of the very biggest swine on the planet. Their client list reads like something out of Madame Tussaud's chamber of horrors: the Indonesian government (hired during its brutal suppression of the independence movement in East Timor), the Three Mile Island nuclear plant, Union Carbide (responsible for the deaths of thousands following the chemical plant explosion in Bhopal, India), Exxon (following the *Exxon Valdez* oil spill), A. H. Robbins (after the Dalkon Shield I.U.D. disaster), and the Mexican government, which paid B-M \$8 million during the Chiapas rebellion to shield American and Canadian voters from the fact that the Zapatistas were revolting against the planned passage of NAFTA.

Amazingly, Burson-Marsteller was one of the companies hired by the United States government to propagandize good capitalist values to Russia. Among its many tasks was providing p.r. for the disastrous Russian voucher privatization program, which gave Russians shares in public companies (and preceded the loans-for-shares scheme). B-M had a massive public contract, and when they weren't actively doing evil, they were just sitting on their hands collecting checks while their clients went around pillaging the country.

A former coworker of mine, Matt Bivens (who was now the editor of the *St. Petersburg Times*, the *Moscow Times*'s sister publication up north), had taken a job with B-M in Kazakhstan a few years before. Before he took the job, he'd been just another kid like me, freelancing for the *Los Angeles Times* up in St. Petersburg. But when he got married and started a family, he decided to try to make some real money.

So he made one phone call to the USAID office in Washington, and on the basis of that one call landed a B-M contract job package—complete with housing, a maid, a per diem, and a restaurant allowance—worth about ninety grand in total. Not bad for a 26-year-old. Then he went to the Kazakh capital of Almaty and presided over asinine projects like the publication of "Privatization calendars" and the production of privatization soap operas, racking up massive bills that were, perversely, rewarded by more funding.

Bivens, who later outed the whole scheme in *Harper's* magazine, also reported that B-M had a thing called a "cost-plus" policy running with AID. This was a classic example of a phenomenon we would run into over and over the more we reported on the expatriate community: publicly funded businesses and organizations that were guaranteed profits, independent of any competition or accountability for performance, while supposedly furthering the capitalist virtues of competition and fair play. B-M's "cost-plus" arrangement, according to Bivens, meant that "USAID reimbursed all our costs, and added 7 percent on top of that—our profit margin. In other words, the more we spent, the more we made."

I knew some of B-M's Moscow consultants, or knew of them, anyway. Many of them weren't much older than me. I'd see them at the Starlite Diner sometimes on weekends, dressed in college sweatshirts and faded jeans. Looking at their bright, happy faces, you'd never guess that these were the people who'd had the balls to tell millions of Russians that their jobs and benefits needed to be sacrificed for the sake of "competitiveness." On the contrary, they looked like they'd never left the keg party.

There was no point in fighting fair against people like this. Humorless lefties like Ralph Nader had been doing that for decades, much more effectively and with much greater attention than we ever could, to very little result. Besides, from where we sat, people like Nader were missing the point. The important thing was to loathe corporate henchmen not for what they did, but for who they were. As one of Gogol's heroes said, "Coat a frog all over with

sugar and I still won't eat it." People like Nader were going after the frog—corporate abuses. But the real thrill in attacking people like these would be to take the sugar coating away—embarrass them socially, pick on their looks and their mannerisms and speech, expose them as *people*. We had to at least make it tough for them to maintain their public superiority complex while they went about their business of fucking up huge historical missions like the reform of post-Soviet Russia.

We went after B-M in our USAID article. They turned out to be pathetically easy to dupe. All we had to do was make up some phony stationery and claim to be representatives of the St. Petersburg mayoral office, who were interested in engaging their services. Posing as "Alexander Rublev," we sent a letter saying we needed help in quelling bad p.r. over the city's notorious police brutality problem.

Some background on this joke: It was a well-known fact that one of the reasons St. Petersburg had been turned down as a site for the 2004 Olympic games was its policing problem. Prior to the Goodwill Games in 1994, then-mayor Anatoly Sobchak had been so determined to keep riffraff out of the eye of the international press that he used Russia's reactionary visa registration laws as an excuse to deport practically every dark-skinned pedestrian (mainly Azeris, Armenians, Chechens, and other Caucasus peoples, whom Russians call *chernozhopye*, or "blackasses") his police could find to the city limits.

A friend of a friend of mine, a hairy Italian-American, had even been detained once in a local Petersburg police station and had to watch in horror as a succession of Caucasian drifters ahead of him in line were led into another room and beaten savagely for no reason. He escaped only after digging through his bag and producing an expired California driver's license, which so impressed the precinct chief that he not only decided to let the kid go, but broke out in a smile and sang "Hotel California" from beginning to end—while in the next room the blows still rained percussively on the Chechen-of-the-moment.

None of this mattered to B-M. When bubbly American B-M rep Jennifer Galenkamp got ahold of our letter, which expressed the hope that the city's reputation could be cleared up in time for an upcoming Eurobond issue (which was actually due to take place), she jumped all over it with giggly cheerleaderish zeal.

We clicked on the tape recorder function on our office phone as she announced to "Rublev's" assistant, in reality our virginal Russian secretary Tanya Krasnikova, that:

"We contacted the London office . . . because this is a

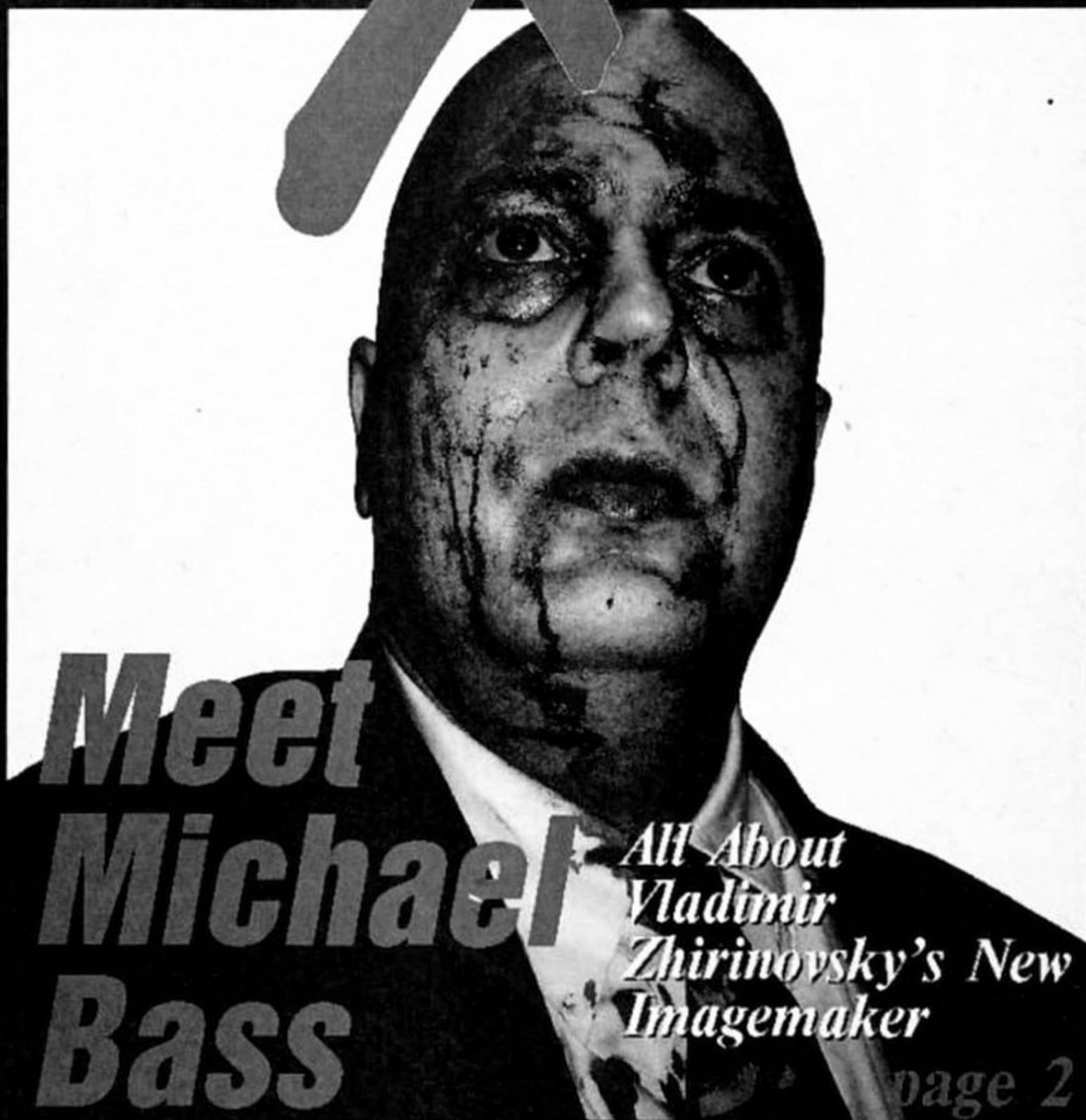
Moscow's Only Alternative!

the eXile



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