

government in Moscow.

**EIR:** I have heard some discussion here about Uzbekistan becoming an important international banking center, at least for transactions concerning the “cross-flow” between Europe, Central Asia, Russia, East Asia, etc. What is this all about?

**Usmanov:** What matters, is that the Uzbek people in its great mass, need knowledge of market functions. But by their character, traditions, mentality, they are better prepared for the market than anybody else. As an example: All the bazaars in Central Asia are dominated by the Uzbeks. I think we have the possibility for guarantees, in the form of gold, in the form of oil, in the form of cotton, in the form of rare metals, for developing our banking system. Up to the point, that other governments will put their funds in Uzbek banks, and store them there. Don't forget, Uzbekistan is well situated geostrategically and geopolitically. There are also all the guarantees I've indicated. Beyond that, you have to reckon with the readiness of our people to learn the banking system and to exploit it.

**EIR:** There has been much talk in the western press, that Uzbekistan sees Turkey as some kind of model.

**Usmanov:** I see Uzbekistan only as an independent state, not a supplement of Turkey. How could Turkey become a model for us? They have an annual inflation rate of 25%. They have to import 80% of what they need. Why do we want that? Why did the West invest into Turkey? In my opinion, all western investments into Turkey are to counter-balance Iran. But Turkey can't get out of its own internal crisis. It needs western credits to bail it out. By these processes, Turkey will be destroyed, not in the long term, but in the short term. Then look at Uzbekistan. We have 99% literacy, 1% illiterate. We have young people reading and writing freely, who don't only look at television, and who are already traveling abroad. We are more civilized than Turkey, up to the present. So we will go our own way, although we will take from Turkey, their policy toward religion, their approach toward secularization, full freedom of religion, laicism.

**EIR:** There is some discussion in London, Washington, etc., of the revival of the nineteenth-century British “Great Game” in Central Asia. Do you see a renewed, modern-day version being set in motion now?

**Usmanov:** That era is finished. Why? Because the frontiers cannot be changed any more, so there can't be the old British plan to split up the region. Anyway, there are countries like Pakistan, China, Iran, and Turkey, which have their own interests in Central Asia, and of course which are not there to fulfill the British plan. The chief thing is, do we ourselves want to have this plan? If it were identical to our interests, for sure our President would have been in the British Parliament [laughs]. As we say, that's how things are.

**EIR** July 17, 1992

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**Interview: Pavel A. Minakir**

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## Infrastructure needs in Russian Far East

*Pavel A. Minakir is deputy governor of the Khabarovsk Territory Administration of Russia. Khabarovsk is an important industrial region of the Russian Far East, with a capital of the same name, bordering on the Chinese province of Manchuria. Mark Burdman interviewed Minakir in Locom.*

**EIR:** There has been much discussion here about the importance of Russian regions and territories in the economic activity of Russia. Do you see this process leading to a contradiction between Moscow Center and the regions, with some challenge to the future structure of Russia emerging, or is it rather a matter of the regions providing a form of dynamism for a stagnating economy?

**Minakir:** There are no big contradictions between centralized and regional ties. . . . Economic decisions solely made through centralized institutions are not enough for supporting economic life in the territories. The economic center in Moscow now has the capability to support the budget system, to only partially support the energy system, and to support in the social sphere. It can't provide all the support, but only one part of the necessary support. In such fields as foodstuffs, raw materials for industry, financial flows, capital flows, and so on, the regions have only one avenue for covering needs, to make agreements with other regions, between each other, in foodstuffs and raw materials.

**EIR:** When did this greater reliance on inter-regional cooperation really begin? Is it new?

**Minakir:** The beginning of the process was in the first half of last year. Then, after the events of August 1991, the number of these ties grew. The destruction of the centralized economic planning system after August was so great that, by October-November, it became very clear for every region that their own life is in their own hands.

**EIR:** Were new institutions then created, or was this the upgraded activity of older institutions?

**Minakir:** Territorial administrations were created in October-November last year by the presidential decree of Mr. Yeltsin, according to special rights decreed by the Russian Parliament for radical economic reform. The first step of Mr. Yeltsin was the nominating of so-called representatives of the territories. The idea of these representatives of the President in the territories, was to take wider control from the

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*This picture of Vladimirovskaya in the Russian industrial region of Novosibirsk was taken from the Trans-Siberian Railroad.*

former [Communist] party circles in the territories during the transformation to the market. But after this, it became clear that this was not enough. It was necessary to have in the territories, a strong power for allocating decisions for radical economic reform. In October-November, the heads of administration of each of the territories were nominated.

**EIR:** How many of these territories are there?

**Minakir:** There are 88 in Russia. Among these, there are three types of territories. First of all, and most powerful, are the 20-21 republics inside Russia: Bashkiria, Yakutia, Tatarstan, Dagestan, etc. Their old name was "autonomous republics," but now they are simply republics inside Russia. The second are the "oblasts," like Khabarovsk, Krasnodar, Moskovsky Oblast, etc. Then there is the third type, the autonomous districts. There are approximately 12-15 districts, such as Tuva, for example. These are smaller than the republics. They are not according to territory, but according to population, economic power, industrial development, and so on. They have a special history.

**EIR:** Our publication has devoted a great deal of attention to the development of infrastructure across Europe, across Eurasia, emanating out of a "center," a "triangle" in west-central Europe. Could you give an idea how the economic activity of the territories, regions, republics, districts can help solve the problem of infrastructure development of Russia? How do you see the infrastructure situation now in Russia?

**Minakir:** Infrastructure is one of the most underdeveloped spheres, not only in the Far East, but usually in the regions as a whole, in decision-making. The ideology of centralized planning for 70 years was the following. All economic resources are devoted to three major points: The first, largest part was devoted to increasing industrial production; the second part was devoted to social spheres, housing, education, and so on; only the third part was devoted to the classical infrastructure system, for example, improving railroads, highways, storage, communication.

That is why infrastructure is one of the biggest problems right now. In the eastern part of Russia as a whole, this is the most annoying problem in economic development. For example, in Khabarovsk, we have only one railroad bridge over the Amur River, which was constructed in 1916. After it was finished, the bridge was never brought under repair and reconstruction, but was exploited for 75 years without stopping. That means there is only one bridge on the Trans-Siberia Railway route over the Amur. If tomorrow the bridge were closed and the trains could not go over, it would be a catastrophe. At the moment, Russia has few seaports. Ports such as Vladivostok are very important for export and import. Without this Amur bridge, it would become impossible to export goods.

**EIR:** How do you see a solution to such problems?

**Minakir:** We are trying to establish stock companies, with the local administration, the Ministry of Transport in Moscow, and the railroad company itself, and we are trying to

attract stock companies in some territories like Sakhalin, which are connected with the Trans-Siberian Railroad. We are trying to attract the Mitsui Co. of Japan, but so far without visible result.

**EIR:** What is the future of the relations of Khabarovsk region with Asia?

**Minakir:** The most successful ties now are with Japan, for historical reasons. The Japanese have a long history and business infrastructure in the Russian Far East. They have a lot of information and a business network. In second place just now is China, mainly in small business, in small operations. The Chinese don't have technology—a lot of it was imported from Hong Kong—but Chinese businessmen are very active, they are very close neighbors with the Russian Far East. The psychology of Chinese businessmen and Russian businessmen is very similar, because they are very similar to each other.

The third group is the Americans. They are rather active now. American businessmen are very different from the Japanese and Chinese. The Japanese have enough patience to wait. The Chinese have enough activity right there to take quick advantage of small opportunities. The Americans are too far away, and too rich to become involved in small-scale operations. They have no patience. They insist on investing in the morning, and receiving the profits in the evening. In Russia, right now, that is impossible!

**EIR:** Our magazine has often discussed the ideas and policies of Count Sergei Witte in bringing about the development of infrastructure, such as railroad construction, in the last century. Do you see any tendency toward revival of Witte's ideas now?

**Minakir:** The approach of Witte and the meaning of Witte's reforms are quite different from the approach of our current government. In the Far East, the situation in the infrastructure sphere is just now very precarious. Governments are eager to receive immediate financial stabilization. They are ready to end all financial support for infrastructure, especially in energy, transport, and communications. The situation is dangerous, because for infrastructure, there are two different spheres. In one sphere, there is the possibility for private investments. This is possible in the area of international communications. In Khabarovsk, Sakhalin, and Vladivostok, there are joint ventures for investing in and establishing companies to develop an international communications network. In August, in Khabarovsk, we shall finish such a system, with approximately 40 international lines via satellite. This is very good, creating a facility for connecting with the Pacific Rim. Then there will be 37,000 internal lines within the Far East, with lines to Moscow. This is a commercial project, and very profitable.

But as for the second part of infrastructure—energy and transportation—it is impossible to attract such foreign invest-

ment. Energy, electric power systems, and railroads are too large and involve a longer period of investment. If we could attract big, long-term capital, from [companies such as] Sumitomo, Hyundai, etc., if they would invest money in the Far East—in industry, in hotels, in big interests—then it would be profitable to invest in these spheres. But now the investments are small. So, it is not profitable to invest in infrastructure.

So, the situation is very difficult and dangerous in these two spheres. The energy system is being destroyed. In the Far East, we have destroyed the infrastructure. We need 80 billion rubles now, just for repairs, buying fuel, and maintaining the energy balance; even to maintain this on the zero level, it would be necessary to invest money to increase electricity production 10-15%. It is necessary to construct new systems, new storage facilities, new capacities, new coal and gas in Sakhalin.

**EIR:** What you are saying is that the state must help in these spheres, that private investment alone cannot solve the problem? Can you be specific?

**Minakir:** Yes. We want to construct small nuclear energy plants, to use small reactors from nuclear submarines. There are some technologies for using these reactors in small stations.

In the immediate future in the Far East, we face a permanent deficit of energy. There is a project for a hydroelectric station on the Burya River, west of Khabarovsk, which has been started. But it would take 40 billion rubles to finish. It is impossible to find this money from the government.

For the transport system, there is a big problem for electrification of the Trans-Siberian Railroad, near Khabarovsk. There is a lack of electricity; this part of the railroad needs 1 million kilowatts a year.

Beyond this, we have big problems with some of the railroads near the seaports. The city of Komsomolsk-on-Amur is a major center of military activity. Then there is the port on the Sea of Okhotsk, which is a very interesting port. There is also the ferry transportation from Sakhalin, which uses this port.

In the future there may be big problems in infrastructure in the Far East. The Chinese have their Tumen River project, which is an infrastructure project on Chinese territory, near the border of China and North Korea and the extreme south of the Russian Far East [see Figure 5 in previous article]. The Chinese are eager to construct a new seaport, either on this river, or on a canal to the sea. A railroad to this future port is part of an idea, and the Chinese are eager to reorient the transportation from western Europe to Japan, via the Trans-Siberian Railroad, to this new railroad. If this project is realized, our four major ports, with their bright future, will be cut off, which will mean a loss of most of the container flow from western Europe and a large part of the money flow involved.